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WAR EXPENDITURES

ABSTRACT OF TESTIMONY

BEFORE

SUBCOMMITTEE No. 2

(CAMPS)

OF THE

SELECT COMMITTEE ON EXPENDITURES IN THE WAR DEPARTMENT

HOUSE OF REPRESENTATIVES

SIXTY-SIXTH CONGRESS

FIRST SESSION

ON

WAR EXPENDITURES

ABSTRACT OF TESTIMONY IN

Serial 3, Parts 1–37, inclusive, with Index

(Parts 4–14, inclusive, have to do with matters of Management and Administration in Hospitals)

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SELECT COMMITTEE ON EXPENDITURES IN THE WAR DEPARTMENT.

HOUSE OF REPRESENTATIVES.

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ABSTRACT OF TESTIMONY.

SERIAL 3, PART 15.

Statement by Chairman McKenzie:

Prior to our entering the war with Germany practically all the construction required by the Military Establishment was done by the Quartermaster Corps with the exception of a small part handled by the Corps of Engineers.

All construction necessary was performed under a contract which had practically become standardized prepared by the officers of the Quartermaster Corps and which form of contract carefully guarded the interests of the Government.

In 1916 Congress provided for the creation of what was to be known as the Council of National Defense, with power to recommend the appointment of an advisory commission to be appointed by the President, and for information I shall have inserted at this point a copy of the law heretofore mentioned.

The duties and functions of the council, as defined by section 2 of the Army appropriation act, known as H. R. 17498, approved August 29, 1916.

The paragraph prescribing its powers and duties is as follows:

That it shall be the duty of the Council of National Defense to supervise and direct investigations and make recommendations to the President and the heads of executive departments as to the location of railroads with reference to the frontier of the United States, so as to render possible expeditious concentration of troops and supplies to points of defense; the coordination of military, industrial, and commercial purposes in the location of extensive highways and branch lines of railroad; the utilization of waterways; the mobilization of military and naval resources for defense; the increase of domestic production of articles and materials essential to the support of armies and of seagoing transportation; data as to amounts, location, method, and means of production, and availability of military supplies; the giving of informaton to producers and manufacturers as to the class of supplies needed by the military and other services of the Government, the requirements relating thereto, and the creation of relations which will render possible in time of need the immediate concentration and utilization of the resources of the Nation.

Also, the council may organize subordinate bodies for its assistance in special investigations.

In substance this paragraph provides (1) for assembling the likely requirements as to materials, supplies, and transportation needed in defense; (2) a census of the agencies available; (3) making recommendations as to the conversion and increase of facilities; and (4) advising the producers and manufacturers as to such probable needs of the Government.

Recognizing, apparently, the intention of Congress that the Cabinet officers themselves who constituted the council would function largely through the Advisory Commission, the council recommended and the President appointed the following Advisory Commission: Daniel Willard, Howard E. Coffin, Julius Rosenwald, Bernard M. Baruch, Dr. Hollis Godfrey, Samuel Gompers, Dr. Franklin Martin.

A subcommittee of the Advisory Commission called the General Munitions Board was named, of which Mr. Frank A. Scott was

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chairman, and, on which, in addition to most of the Advisory Commission members were also representatives from the Army, the Navy and certain members representing groups as follows: Raw materials, manufacture, supplies, medicine, National Research Council. (First annual report of the Council of National Defense, p. 99.)

Among the subcommittees appointed by the General Munitions Board was one designated as the subcommittee on emergency construction and contracts, composed as follows:

W. A. Starrett, Starrett & Van Vleet, chairman; C. M. Lundoff, Crowell, Lundoff, Little Co., of Cleveland; M. C. Tuttle, Aberthaw Construction Co., of Boston; Maj. William Kelley, office of Chief of Ordnance, United States Army; F. L. Olmstead, landscape architect; J. B. Talmadge, secretary. (First Annual Report of the Council of National Defense, p. 100).

The committee feels that it is highly important first to take up the so-called emergency construction contracts to ascertain why it was adopted to the exclusion of the usual form of construction contracts which the Government had employed in all of its prior operations, and to ascertain who was responsible for its preparation and adoption and whether, or not, it properly safeguarded the interests of the Government, and if not, why not, and who were responsible.

The committee deems it essential at the outset of this brief to call attention to the powers and duties of the council, and necessarily of all its subordinate bodies, in order to emphasize the fact that they were entirely investigatory and advisory. This fact should be borne in mind in considering this brief and the testimony of the committee's report based on it, in view of the facts described of how the Subcommittee on Emergency Construction in fact functions to the almost complete exclusion and displacement of the constituted authority in the War Department, and was apparently recognized as superior to such constituted authority.

This conclusion is warranted except as to the mere performance of the perfunctory acts of approval by such officers, even including the Secretary of War himself, who indorsed his formal approval under date September 19, 1917, of the form of contract which at that time had been in operation in the construction of the cantonments which were then approximately one-half completed.

The testimony of Gen. Littell, in charge of the cantonment division of the Construction Division of the Quartermaster Department of the War Department, under whose jurisdiction was supposed to come the entire matter of the construction of camps and cantonments, clearly bears out this conclusion. (Part 16, pp. 1088, 1094, 1101, 1102.)

That the legal limitations upon these various committees were recognized and that their functioning as above asserted were recognized by the Council of National Defense as being outside of their legal authority, is indicated by the testimony of the director of the council, during the period when the construction work took place in 1917.

Mr. W. S. Gifford in his testimony (p. 871):

Mr. McKenzie. But the question of jurisdiction and the powers of those various bodies is not clearly set out further than as being advisory.

Mr. Gifford. That is all.

Mr. McKenzie. It was your understanding that those various auxiliary bodies, including the advisory commission, had no power to formulate and direct the carrying out of any policy of its own volition, but it could only

recommend and advise to the War Department or the President that certain policies were advisable.

Mr. GIFFORD. That is correct.

Mr. MCKENZIE. Then if it should turn out by the evidence that any of those various bodies went further than that and exercised authority, not only in determining questions but involving the Government in contractural relations, or otherwise, then, in your judgment, that would be a violation of the spirit, at least, of the law creating the Council of National Defense.

Mr. GIFFORD. I do not think it would be possible, sir, because they have no authority under the law and they could not do it. I think you will find it to be true that that is the situation; that they could not do it.

That such an important matter as the form of contracts under which hundreds of millions of dollars of the people's money was spent was not brought for formal, serious, or final consideration before the responsible body named by Congress is also apparent from the testimony of Mr. Gifford.

Mr. MCKENZIE. Notwithstanding that fact, if I understood your testimony, when it came to the question of preparation and adoption of a form of contract involving the expenditure of millions of dollars, and which form of contract was to take the place of the form of contract theretofore agreed upon and made use of by our military establishment as a construction contract, at least, you were not even consulted, and did not know as to the form of the contract or anything about it? That is your testimony?

Mr. GIFFORD. Yes, sir (p. 874).

How functions were delegated to one subordinate body and then to a second subordinate body appears from the following:

Mr. MCKENZIE. Mr. Gifford, I will read to you from the minutes of the Council of National Defense of April 7, 1917, page 126, of volume 1, and ask if this is not about the authority they passed on:

The following statement was unanimously approved. The demands on the time of the members of the Council of National Defense and of the Advisory Commission are steadily increasing. It is clear that the members of both these bodies must have their time free mainly for the consideration of larger matters of policy. The council believes that best results will be secured, except in special instances, by having the members of the Advisory Commission act primarily in an advisory capacity not only to the council but also to the subordinate bodies created by the council directly or otherwise created by the chairmen of the different divisions of the commission.

And the following, from the minutes of the General Munitions Board of May 10, 1917 (page 174):

COMMITTEE ON EMERGENCY CONSTRUCTION—CONTRACTS.

In connection with the work being done by the above-mentioned committee, it was suggested that all general questions pertaining to the construction of buildings be referred to Mr. Lundoff's committee, and the motion, being properly seconded, was carreid, to the effect that the functions of the emergency construction committee should be increased to cover general questions pertaining not only to forms of contracts, but to engineering and construction work as well, and that this committee should be enlarged by the addition of two or three men of engineering experience (p. 996).

Mr. Gifford further testified as follows:

Mr. GIFFORD. The emergency construction committee recommends the contract.

Mr. MCCULLOCH. The contract recommended by the emergency construction committee was, after that recommendation had been made, approved by the Council of National Defense or the Advisory Commission?

Mr. GIFFORD. I think not; but I think clearly the Council of National Defense and the Advisory Commission, under our rules, are responsible for anything that was recommended by the emergency construction committee.

Mr. MCCULLOCH. But you do not think that this contract was ever submitted to the Council of National Defense or to the Advisory Commission?

Mr. GIFFORD. Not in full meeting. Not that I recall; and if it is not in the minutes, I do not think it was.

Mr. MCCULLOCH. Their responsibility for the contract would lay in their authorization of a subordinate body to formulate it——

Mr. GIFFORD (interposing). I think they are responsible for the recommendations.

Mr. MCCULLOCH (continuing). And to enter into it, because of their delegation of authority?

Mr. GIFFORD. Yes, sir; that is the theory on which the whole system was set up (p. 876).

Mr. Gifford further testifies, indicating clearly how the original organization of the C. N. D. was within legal bounds:

Mr. GIFFORD. I never knew precisely why, but I was very much interested in the subject of preparedness. In 1915 I went to the first Plattsburg camp, and in 1916 I met Mr. Howard Coffin, who at that time was a member of the Naval Consulting Board and was planning an industrial survey of the United States, this survey to be made through the agency of the five larger scientific societies. The chief engineer of the American Telephone & Telegraph Co. was at that time president of the American Institute of Electrical Engineers. The Electrical Engineers was one of the societies that was asked to assist Mr. Coffin in making this survey of the industries of the country. Requests for assistance came from the President of the United States to these societies. Mr. Coffin naturally consulted our chief engineer, who was president of the Electrical Engineers' Society, and our chief engineer asked me to meet Mr. Coffin and assist him in preparing his forms and plans for making this industrial survey. I found myself involved in this survey to the extent that it took all my afternoons and nights on volunteer work. I completed the survey in August or September, 1916 (p. 878).

How far the subcommittee on emergency construction, the activities of which it is the province of this subcommittee to investigate, will appear as the record is read.

HOLLIS GODFREY, first chairman of the Advisory Commission of the Council of National Defense (pp. 880–890) testified that he was to all intents actually the instigator of the Council of National Defense; testified at length as to the development of the idea, persons to whom he submitted it, including the President, Secretary of War (p. 883), the purpose intended; "that Mr. Root outlined the basic bill" (p. 882). He stated clearly that the intention was that the council had no "legal power at all" (p. 883).

It was determined at the joint meeting * * * that the thing to do was for each man to take his function, whatever he knew best, and carry out that function individually, having the right to outline what he was to do, carry out to the best of his ability, and report in general what he was doing to the boards, as in a group of vice presidents sitting on a board of directors, each man with power in his own section.

Q. Were the reports detailed or general?—A. Mostly general; not always general, but each man had an initiative to a certain extent within his chosen field what he desired to initiate (p. 885).

This testimony was with reference to the functions not only of the members of the council but as to functions of the various subordinate bodies and committees.

The subcommittees were named by the heads of the various departments into which the Advisory Commission was divided, and the list of such appointments was approved "by the chairman of the council" (p. 885). The chairman of the council was the Secretary of War.

Q. So that the activities of the commission were general rather than specific?—A. I think unquestionably general rather than specific (p. 887).

Referring to the emergency construction contract, he stated:

I have no recollection of its ever being brought before me. I never saw the contract to my knowledge (pp. 887–888).

The general substance of the testimony of Mr. Godfrey, who was the first chairman of the Advisory Commission of the Council of National Defense, is that the organization of the council and its functions were intended to be in strict accord with the legislation of Congress creating the council, to wit: Investigatory and advisory, and without legal power. Chiefly its powers were to make a survey of the industries of the country, and then to stimulate the likely needed production for war purposes, and then to be able to point out to the responsible authorities where the required material, raw or manufactured, of each kind could be obtained or could be produced.

It seems a fair statement of his testimony that the original purpose of the council and its subordinate bodies was the very laudable objects mentioned—i. e., preparing for a likely emergency, and in no sense to usurp the functions of constituted governmental agencies when the emergency did arise.

J. B. Talmadge, secretary of the emergency construction committee, was called to Washington by C. W. Lundoff, then chairman, from the employment of Crowell-Lundoff-Little Co., of Cleveland, Ohio (pp. 890, 891).

The function of the committee primarily was intended to draw up a form of contract that could be used in this emergency construction work of the War Department and to submit it for approval (p. 892). Besides Mr. Lundoff, the other members were: W. A. Starrett, of Starrett & Van Vleet, architects; M. C. Tuttle, of Aberthaw Construction Co.; Maj. Kelly, of the Engineer Corps, was made a member but did not remain long.

A number of persons connected with large contracting firms were called in to sit by invitation. Among them J. R. Kilpatrick, of the Thompson-Starrett Co., New York; Leonard Metcalf, consulting engineer of Boston, Metcalf & Eddy; Fred L. Olmstead, landscape architect; H. B. Eaton, formerly with the Du Pont company; Mr. A. E. Phillips (pp. 893, 894).

In this connection it should be stated that the record elsewhere shows that Maj. Kelly, of the Engineer Corps, was relieved from attendance at the meetings.

Maj. Walter A. Dempsey, Quartermaster Corps, United States Army (p. 897), has been a member of the Regular Establishment about 30 years. Was an emergency officer, was chief clerk for the chief of the Quartermaster Corps, Eastern Department.

At the outbreak of the war was called in to the Cantonment Division by Col. Littell to supervise the financial system and to organize a system covering the checking of payments and everything having to do with financial matters under the emergency contracts in the construction of the 16 cantonments (p. 899).

The contracting officer who signed them came to the Construction Division May 16, found that the contract under which the operations were to be carried on was in a measure formulated, raised objections

to certain provisions. Two of his suggestions were adopted, one that the Government carry its own insurance and the other striking out the fee based on insurance (p. 900, 901).

Minutes of the General Munitions Board, May 12, 1917, shows as follows:

The proposed contract to be used for cantonment construction was presented by the committee on emergency construction and approved (p. 902).

Witness' experience has been in drawing up and executing of War Department contracts; as chief clerk in the office of the Quartermaster's Department. Is not a lawyer. During my 30 years' service I had never approved or seen executed one cost-plus contract. The form submitted was absolutely new to him. Believed the Governernment sufficiently safeguarded by reasons of purchases for audits on every expenditure (p. 903) did not go beyond those suggestions for safeguards.

Penalty for failure to complete the work in the time, generally a part of all Navy contracts. Thought such provision wouldn't be put into these contracts, because the Secretary had placed upon the Construction Division the direction to do this work within three months. It was felt that it would be impossible to do the work within the time stated. Don't think it was ever seriously considered putting it in the contract. It was not in this contract; it was in other peacetime cost-plus contracts. Can not tell you why it was left out (p. 905). The Government is back of the contract and is paying the contractor for his experience and time, meeting all the expenses of the contract. The fee was for the contractor's experience. As contracting officer, that the Government got, first, the contractor's experience in conducting large business operations and, second, the benefit of his organization (p. 906). So far as he knows, the contractor gave such experience for his supervision for the $250,000 maximum fee. Said that fee was comparatively small on a ten or eleven million dollars contract, whether contract ran four months or a year or two years.

Opinion is that the Engineers of the War Department could have given the necessary supervision (p. 907).

Q. You would have been in a position under the emergency to have taken a contractor and commissioned him as a major and put him to work, in view of the fact that the Government, according to your own statement, furnished everything?—A. Yes, sir. That was largely done in the case of these checking quartermasters; they were all men of that type.

Q. It was done in every instance except that of the contractor on these cantonments?—A. Yes, sir.

Q. But here you were willing to pay a contractor this enormous fee for merely giving his experience and supervision?—A. He may have given other things.

Q. What other things did he give? That is what I want to get at.—A. While I say he might have done so, that is all as far as I know.

Q. As a matter of fact, he got rental for all of his equipment, so that he would have to furnish nothing, as you stated very clearly, but his supervision?—A. Yes, sir (pp. 907, 908).

Q. Was it the duty of these auditors to deal with the accounts or to check the materials and audit the accounts?—A. We did both. Our idea when we began on this proposition was that the Government was running this contract. Consequently it would not be necessary for a big contracting firm to furnish the necessary checks and auditors in order to establish the fact that so much lumber was received or so much labor given. Everything had to pass the Government tally before the bill was finally passed. That applied to material bills as well as to pay rolls for labor (p. 909).

Q. Now, if it should turn out, Major, that there was a padding of the pay rolls, would that have been discoverable by your checker under your system?—A. It might be and it might not be.

Q. Will you tell us how it might not be?—A. For instance, a man could appear on the job when the checker was there and disappear into the brush after the checker had gone. There was no way to stop that, unless you put an individual man on the back of every laborer (p. 910).

Q. So you think the Government secured the erection of those cantonments at a reasonable price and got value received for its money?—A. Qualified only by this statement, that if a man will not give the Government 100 per cent of his labor it is going to be very difficult to get that 100 per cent out of him. The method adopted, I think, was the best to safeguard the interests of the Government, and in studying this matter, as I had to give it a great deal of study, and going around to the camps, as I did personally, to see how things were working, etc., I came to the conclusion that for the time and the conditions and everything else considered it was the best contract and one that would really produce the lowest cost to the Government with, after all, the least waste and extravagance.

Q. Now, right on that point of time: I wish you would tell the committee wherein this kind of contract was advantageous because of time. We hear constantly of a dropping back to the emergency of the war times, and I would like to have that explained by you, who was the auditor and signed the contracts and had charge of the audit system; I would like to know of you wherein this contract was of advantage, or the cost-plus system was of advantage; over the lump-sum method?—A. In the first place, if you consider that the completed structure is what you must have, if you proceed from that standpoint, and then you take into account the labor situation in the country at the time, and the fact that a big contracting firm could not take a Government contract at a fixed lump sum without loading into it a sufficient profit to compensate them for the fluctuations of the times, you would be able to get a better view of the situation. You must understand, of course, that at the time when this contract was entered into we were just entering the war, and that the labor market was all upset, and the transportation facilities were all upset, and a contractor would have been very apt to have faced bankruptcy to have gone into it on a fixed basis unless he went into it with a fixed profit large enough to cover any possible losses. It is very doubtful if any reputable concern would have taken a contract at that time for this work on a fixed basis, because it was impossible to figure what the costs would be (pp. 911, 912).

Q. The prices of all materials were fixed?—A. The prices of materials were all fixed, do you say?

Q. Largely so. They were, weren't they; the prices of lumber were fixed?—A. The price of lumber was fixed, do you say?

Q. Wasn't it?—A. If it had not been for the advisory board, or the lumber committee of that board, fixing the price of lumber for us, I think at $20 for southern and $22 for northern, average price, the price of lumber would have soared presumably out of sight.

Q. Well, now, Major, right on that matter, they did fix it? (Pp. 911, 912.)—I want to interject one question there: The records of the Council of National Defense or of the munitions board, or rather the emergency committee on construction probably would be the better term, indicate that there were several thousand contractors in the country and many hundreds of them who had organizations capable of undertaking this character of work. Now, I want to ask you if you do not believe that we had conditions in the country, with the war on, with general building at a standstill, whereby you could have made specific contracts with contractors of the country, putting in two saving clauses—first, that in case materials advanced in price, and, secondly, in case labor advanced in price, that the contractor should have the privilege of coming back and reporting that fact and having it adjusted on his contract. What do you say about that?—A. Mr. Chairman, I think that that is easily possible (pp. 913).

Q. Major, you are an old-time experienced officer and have had a good deal to do with contracts, and after all is said and done does not it come down to this: That under a cost-plus contract, such as the one adopted for the construction of these cantonments, the only element of protection that the Government had was founded on the integrity of the contractor and those serving under him? Does not it come down to that?—A. I would not say, "only," sir. You have to rely——

Q. You do rely naturally on the loyalty, and did so at that time. There is no question about that, but there was an absolute check by the Government as to the accuracy of the bills and costs. It was not the intention of the Government at that time to allow the contractor anything but costs, leaving his fee to one side, and this system allows the Government to determine absoluely the costs.—A. Take the other horn of the dilemma——

Q. How is that?—A. Take the other view of the situation, looking at it from the human standpoint. There is absolutely no other incentive except the integrity of the contractor to protect the public, because it inures to his benefit the greater the expense, for in that event the more profit he will get up to a certain maximum fee? Therefore it comes right back to the question that it all depended on the integrity and vigilance of the contractor, and if he is all right the Government is all right.

Q. But as to the contract itself, which is what I am getting at, does it provide the necessary safeguards?—A. I think so.

Q. Then you would recommend it for use from now on?—A. It strikes me that it is a better form of contract than our old form of contract.

Q. All right, then, that is a consistent position on your part, Major. In the light of that statement, will you point out to this committee a single incentive that a contractor would have under that contract to save on either time or expense in the construction of cantonment work?—A. The business reputation of his concern would help him as to time in the matter, and in saving of money. If I recall correctly some contractors published advertisements in which they called attention to the fact that their camp had been completed in such and such a time. They felt that it was an asset to them. In addition to that from my association with the contractors I believe their loyalty to the Government would indicate to them that they should respond just as quickly and just as efficiently and with the least extravagance to the demands of time.

Q. So you went upon the theory that patriotism would temper the average greed and avarice of human nature. Is that it?—A. I think it demonstrated that there was patriotism. I should hate to think there wasn't.

Q. Up to the $250,000 the contractor would have an interest in having the cost increased, wouldn't he?—A. If he is entirely governed by avarice and greed; yes.

Q. And after it passed $250,000 and he had his fee earned it is not likely that he would still feel that same way if he was moved by avarice, and therefore that he would not pay much attention to the contract and would let it run away with itself?—A. I do not think the experience supports that supposition.

Q. Well, there would not be anything in the contract to prevent him from doing it, would there?—A. No, sir.

Q. You would have to rely entirely upon his good faith, and, as the chairman of this committee has said, after all your contention in this matter is based upon the honor and integrity of the contractor?—A. Yes, sir (pp. 914, 915). Contractors did advertise for labor, but the Secretary of War, early in the discussion decided that the union scale of the locality, I think as of June 1, 1917, should govern.

Q. Did it in fact govern?—A. So far as I know it did.

Q. So that the price of labor was fixed?—A. Yes, sir (p. 915).

I wrote the letter produced dated June 23, 1917, from the officer in charge of cantonment construction to cantonment contractors which was sent out to all of them.

(Extracts from said letter:)

From: Officer in charge of cantonment construction.
To: Cantonment constructors, Stone & Webster, Boston, Mass.
Subject: Cantonment construction.

Our country is at war. Because of this fact certain necessary work has to be performed to care for and house the Army. A portion of this preparation consists of building 16 cantonment camps, situated at various places throughout the country. For the building of these camps a new form of contract has been adopted, one eminently fair to the contractor and possibly the only one which would adequately fit an emergency such as at present confronts our country. This contract differs radically from the usual form of contract in which the contractor names a fixed sum at which he will do the work and

under which his profit is the amount between that price and the cost at which he can get the work done. The new contract is on a cost-plus basis, and the contractor is therefore relieved from all embarrassment as to what his cost in the execution of a contract may be and is allowed such cost, provided, of course, it is within reason.

It will therefore be seen how different the new contract is from the form usually and heretofore used. The new contract, however, places a responsibility upon the contracting profession not placed under the old form and makes the contractor a pioneer in a new field.

If this experiment fails, due to excessive cost or other reason, it is not likely that the new form of contract will find favor in subsequent Government contracts. On the other hand, if it succeeds, it will doubtless be substituted for the old form and the contractor and the contracting profession generally will be benefited.

It will accordingly be seen that a great responsibility is placed on the 16 contractors chosen to erect the cantonment camps. Their work will be closely watched by the country at large, and it will be necessary for each contractor to have an organization loyal to the central thought involved and one which will be just as anxious to perform the service of the country as the contractor may be. The fact that in taking a contract of this kind the contractor and those associated with him are serving their country should not for one minute be lost sight of. They are just as truly serving their country as if actually placed on the firing line.

* * * * * * *

Certified public accountants and their staffs have been engaged to take care of this very important part of the work. These men are the best experts in their line in the country and are capable and will give the highest kind of auditing service. It will therefore be unnecessary for the contractor to parallel this office force with such of his own force as he might ordinarily employ which would increase the cost unnecessarily (p. 916).

No subcontracting will be allowed until you have secured the written consent of this office, and this privilege will not be granted except for good and cogent reasons. It is the intention of this division to discourage, as far as possible, all subcontracting, as you have been chosen with the idea that you are big enough to perform all the work, unless it may be some very specialized portion of it, without calling upon subcontractors to assist you. Furthermore, subcontracting tends to increase the cost.

Commissary privileges.—These privileges will not be sublet or farmed out to any person or persons. It is expected that the materials necessary for feeding the men be purchased by you, that the men required for preparing and serving it be engaged by you, that the bills covering the cost of the messing be furnished in the same manner as any other bill. No profit will be made from messing the men, and it should be necessary to establish a fixed rate in order to make proper deductions on the pay roll for messing, and should it afterwards be found that the actual cost is lower than charge made, a refund must be made to the men concerned. The building in which this messing is to take place will be placed under the direction and instructions of the constructing quartermaster if same is on the grounds owned or leased by the Government at the cantonment.

Payments.—It is the intention of this division to make payments to you daily for materials in order that you may take proper discounts or for other legal purposes, without requiring from you at the time receipted bills showing that you have paid for the supplies in question. It is the further intention of this division to pay you weekly for purpose of your pay roll. You will also be paid on the ninth of the month the amount due you for the prior month and which has not been included or which it did not seem desirable to include in the daily payments, and at that time you will be required to furnish receipted bills supporting the payments which have been made to you (pp. 917, 918).

I. W. LITTELL,
Colonel, Quartermaster Corps, in Charge of Cantonment Construction.

A part of the camps sufficient for the first increment of troops were completed within the time intended. I did not let the contracts; I signed them. Had nothing to do with the selection of contractors.

As I understood it, they were selected by the committee on emergency construction (p. 919).

A. The machinery, I think, went something like this: The names were proposed by the emergency construction committee to Col. Littell, who then secured the approval of the Secretary of War, and then the paper was passed on to me to draw the contract.

Q. Then, we understand, that none of those were actually made by you on behalf of the Government until after they had been approved by the Secretary of War?—A. That is correct (p. 920).

My duties with the contract were ministerial, filling in names and dates. Form had been settled on. I know of no payments to subcontractors who brought the fee paid by the Government on a single contract in excess of $250,000 (p. 921). The contract, I believe, gives every safeguard. Question of enlargement or change in design didn't come under my jurisdiction (p. 924).

Testimony of Maj. CLAIR FOSTER (p. 925):

I was given a temporary commission in the military service about April 1, 1918, Engineer Corps. My only work was on the emergency construction committee. Had been a farmer previous for five years within the construction business. Invited to become a member by Col. Starrett, whom I had known for about 10 years. Told him I wanted anything that there was to do. In construction work was associated with the Thompson-Starrett Co., with the George A. Fuller Co. My duties were mostly to look up contractors for Army jobs that were coming along.

The committee had made a survey of the construction industry of the whole country, and had a very voluminous file, and selected the contractors, then, for the various jobs, that is—those in the territory and if there were others we didn't know about in our files we had to get busy on the telegraph and find out, keeping the information up-to-date, and we recommend the one on whom the Government would seem to take the fewest chances and put in a second and a third, and they usually selected the men we selected to perform the contract (pp. 926, 927).

As time went on we gradually became more and more informed as to the contractors, but I think in the early days, they must have gone largely on the questionnaires (p. 928).

(C. F. Exhibit 2, pp. 929, 930:)

[C. F. Exhibit 2.]

WAR INDUSTRIES BOARD,
Washington, August 7, 1918.

Memorandum for Col. Starrett.

Went over the proposed new jobs again this morning with Col. Junkersfeld. He didn't do the picking, but I got enough of his ideas to keep us from recommending anybody who would be unacceptable to the Construction Division. This afternoon Donlin, Talmage, and I have had a long session on the subject, and the whole thing winds up about as shown on accompanying pencil memorandum.

Col. Trask brought back from Little Rock the opinion that, while Stewart McGehee was not the best people, it would be better to leave them than to supplant them at this time. That left James Steward & Co. available for something else.

Fayetteville, being a brand new camp off in the wilds, needs people who have done a camp job. Being necessary to use Hardaway for the new camp at Jackson, the best of the available camp builders were Bentley, Thompson-

Starrett, and Fred T. Ley Co. James Stewart & Co. have most of their crowd and a lot of equipment at Pigs Point, and they look like the best bet for Fayetteville.

Penns Grove, a job similar to the Curtis Bay job that Smith, Hauser & MacIsaac are doing (S. H. & M. recently had a million dollars additional work given them at Curtis Bay), is the kind of a job for James Stewart & Co., but picking them for Fayetteville eliminates them from Penns Grove. McMullen would look like a safe choice.

One of the tough ones to decide was Hancock. I had been under the impression that nothing was going to be done, so hadn't been doing much think-about it when Junkersfeld told me to-day that it was going ahead. As you know, there has got to be a clean sweep at Augusta. We considered Bentley, Thompson-Starrett Co., and F. T. Ley without getting anywhere; so we left the job open for awhile.

I don't know how much the Beauregard work will run, but Col. Junkersfeld seemed to be pleased with the man on the job—Snyder. Snyder always did look good to me.

Camp Shelby was a difficult situation. The general feeling is that, while there is nothing particular against the Moudy Co., the job has more or less of a black eye from the fact that Moudy never did amount to much and that the other man on the job—McCarthy—is still worse. It is not safe to say that Moudy has not made good, because they have had a bad contracting quartermaster—Wheeler, the man who had to be relieved from Jacksonville. To show what kind of a chap Wheeler is, as soon as he got word that money had been allowed for enlargement of Camp Shelby he immediately gave the work to McCarthy. I understand he acted just as though it was a small amount of additional work. As soon as the Construction Division found it out, they, of course, wired him to cancel it. His own excuse for turning the work over to McCarthy was that "he understood that McCarthy was to be given the balance of the work."

It is hard to find out whether a contractor is any good when most of the information comes from some lemon quartermaster. At the same time if Moudy Co. had any backbone they would have told us just what kind of a man Wheeler was instead of touting him. The Construction Division is going to put a new man there immediately. I have never seen any of this Moudy bunch except Fleming, the man who has called here so many times, and he positively gets my goat as well as that of the Construction Division fellows, on whose trail he has continued to camp. I told Col. Junkersfeld that we were loath to advise such a radical thing as supplanting Moudy by a brand-new outfit unless it seemed absolutely necessary. Col. Junkersfeld does not like Moudy, but rather indicated that he would like to see somebody else there. At first we thought of using Paschan Bros., partly because they are working at Montgomery, Ala., not a great distance from Shelby, and partly because they appeared to be clean-up artists; but finally decided that the best clean-up crowd would be needed at Hancock, so we picked what seemed to be the best available of the St. Louis people.

The Wood people, not at Custer, hardly look like the kind to do a rush $5,000,000 job, especially with their work at Custer practically finished. The Cleveland Construction Co. looks all right for this one.

For Sherman, the logical man is Bentley, if it were not for the fact that McGrath, who is now there, appears to be a safe man.

Weitz is still doing work at Dodge, and Col. Junkersfeld thinks their final showing was as good as any of the other camp constructors.

If you want to make any changes in this layout, please wire me.

Mr. Donlin was very keen about having Crawford named for one of these camp jobs, but there did not seem to be any of them where there was not very good reasons for using some one else.

If we could use Hardaway to clean up Hancock as well as doing the new work at Camp Jackson, a good bet would be to let Paschan Bros. clean up Shelby instead of Selden Breck.

I inclose copy of some drool I picked up about the camp at Anniston. I have not had time to read it over, but thought it might interest you. I talked it off hurriedly from some notes I had made. I think there is one work for the Inspector General on this job.

CLAIR FOSTER,
Major, National Army.

In some cases we had to consult the Construction Division. They had had experience with contractors, and there was no use of letting a contractor have a job when the contractor and the officers on the job would fight all of the time. These contracts were very desirable for any man in the construction business to get. There was no business going on at all. Contractors were in a very bad way (p. 930).

Mr. McKenzie. Now, I understand that with the custom that was in vogue down there the emergency construction committee, composed of yourself and other gentlemen, that you made the selection of men who were to get these very desirable contracts, and would it not be possible under that kind of a system, with no competition—that is, so far as any competition on the part of the Government being protected—that that committee could hand these contracts, if they were a mind to, to their friends?

Mr. Foster. Surely; the only safeguard you have against that is the character of the people that you have got. That is all.

I do not see how, under the circumstances, they could have devised any other kind of a contract that would have worked. Of course, if we had time it would be different; but if I were a contractor and the Government would ask me to give them a price on a ten or a fifteen million dollar job at that time, I would have said, "No." The Government had the labor market cornered, and they had the transportation system cornered, and the raw material cornered, and they had a corner on everything, and the contractor would not know when he could get his stuff on the job. No contractor could have taken a job that way. And, furthermore, the Government never had any figures; never had any plans that they could make an estimate on. When you are speaking about estimates that were existing, I think you can see how helpless the contractor would be if he started to building and had nothing to figure on (p. 931).

As I said, we recommended the man on whom the Government would seem to be taking the fewest chances. The Government was taking chances enough on all (p. 932).

(Extracts from Exhibit C. F. 3, pp. 933–937:)

[C. F. Exhibit 3.]

December 28, 1918.

From: Maj. Clair Foster.
To: Col. W. A. Starrett, chairman Committee on Emergency Construction.
Subject: Material for final report to War Industries Board.

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2. The necessity for the used of the fixed-fee contract has been discussed largely and defended persistently; but some of the simplest and therefore the best arguments for it I have not seen set down on paper.

The actual process of selecting contractors to conduct Army building operations under these fixed-fee contracts should receive more than passing attention, for the big human-interest story of the committee's job revolves about the interviews had with seekers for the Government's favors.

The nature of the minutiæ of the information required before the committee could make a specific recommendation from among a large number of contractors is understood by few people, and has never been discussed at length. The important part played by intangible but weighty factors is comprehended by few outside of the committee.

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3. Just here is as good a place as any to explain a subject that is little understood, namely, the reason for the use of the fixed-fee contract instead of the lump-sum contract. There has been much ignorant criticism leveled at the fixed-fee contract under which the program of the Army emergency construction work has been done. Ignorant is the word, because the critics were ignorant of the conditions that were absolutely controlling in the choice of this method by the Government. The requirements of an Army job were never known long enough in advance to permit the preparation of plans in enough detail to enable a contractor to know what he was figuring on. The preparation of specifications were under still further limitation by reason of the fact that materials that might be available to-day might not be obtainable to-morrow, and that labor that might be obtained for a certain price on one day might not be obtainable at that price or any other price on the following day. Thus even if all the requirements of the project were known, even if there had been time to prepare the detailed drawings and specifications, a contractor could submit only an estimate that was made up largely of mere speculation as to what the future conditions might be. In other words, he would have had to do a lot of guessing and necessarily would have been obliged to guess high in order to protect himself from loss; in which case the Government would have been forced to pay high for the privilege of permitting the contractor to do the Government's guessing.

As a matter of fact that is just what has occurred in the case of departments of the Government which let contracts to the lowest bidder on emergency construction projects. This committee through its intimate contact with the building industry has first-hand knowledge of many lump-sum contracts on which the Government paid profits entirely out of proportion to the services rendered. Even where the closeness of proposals might have indicated an absence of guessing, such apparent semblance of intelligent bidding was accounted for by the fact that bidders were few and that those who understood from experience just about how large a percentage their competitors were adding for contingencies.

Leaving out of consideration the controlling element of time, the Government had to choose between these two alternatives: Either it had to pay high for the privilege of knowing beforehand just what an emergency operation was going to cost, or it had to let its contract on a fixed-fee basis and depend on its administrative and inspection forces to see that the contractor wasted no money. The Government had to cast up the certain overplus figured in the lump-sum form of contract against the possible prodigality of expenditure under the fixed-fee contract; and, with the factor of time always in mind, had to choose the lesser of two evils.

That the choice of a fixed-fee form of agreement was under all existing circumstances the best for the Government is a subject that does not need to be explained to practical men in the construction field. By the same token it is one of the things that seemingly no amount of explaining can impress on the layman. He refuses to admit that all of the wise men who have lived before him (and who, spending their own money had employed repeatedly the fixed-fee and even the cost-plus form of contract), knew what they were doing. Rather than be convinced of the obvious he prefers to believe that those wise men were perversely blind to their own interests. Rather than see the advantages to be gained by the Government in certain emergencies by the use of a fixed-fee agreement he prefers to believe that there is absolutely no way of safeguarding the Government against the human propensity for spending lavishly other people's money. The extent to which this belief persists—that there is no good in the fixed-fee contract—illustrates nothing so much as the universal desire of the human mind to believe what it likes to believe rather than what it can see to the contrary if it chooses to regard the evidence of its own eyes.

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In the case of a single operation the committee's choice was determined solely by a scrutiny of all contractors whose services might be available to the Government for that operation. Each available contractor was studied as to his general reputation and reliability and his temperamental fitness. By his engagement on a fixed-fee basis he would become in fact an employee of the Government in whom more than ordinary confidence would have to be placed The responsibility placed on him would be such as had seldom been delegated by the Government to a contractor. In effect he would be asked to come in and sit down at the Army's desk and work whole-heartedly with other employees of the

Army for the common good. Now, when you invite a man to come in and team with you, you have to be very certain that he is the kind of man you can work with. Not every contractor, even though he be fitted in every other way, is mentally equipped to work to the best advantage as a small part of a big machine. Contractors, as a rule, are accustomed to being their own bosses and, as a rule, do not take kindly to the rôle of employee. Contractors, as a rule, are soldiers of fortune, who have grown used to dominating in their own spheres, and a certain degree of unusual intelligence is needed to enable them to lift themselves out of their former habits and get a clear grasp of the varied and unusual conditions of the new environment. Not every contractor has this particular brand of intelligence.

The committee in each case had to look for a contractor who had a good, going organization of size sufficient for the job in question, or readily expandible to that size. It was not sufficient to know that a contractor had performed operations that would justify the belief that he could handle this particular job. It was necessary to know that he had been actively engaged in the construction business so recently that his organization was then practically intact. It was not enough to know that a contractor could undertake a job if he were given sufficient time in which to assemble his working forces; the man desired by the Government was one who was entirely ready to undertake the task. While a contractor might be entirely capable of organizing for some specific job, the man the Government looked for was one with an organization the individual members of which had been teaming together. Every practical man knows the advantage of teamwork organization, and knows the length of time and the amount of money it takes to put teamwork into newly assembled bodies. Then again a contractor might have had sufficient experience to justify his employment on one kind or one size of job but might be a most uncertain choice for a job of a different size or kind. In other words, while construction men as a class are all notedly resourceful and self-reliant, they are just like the rest of us in this—that their experience costs money. The Government therefore looked in all cases for a man whose former experience and line of achievement justified the belief that his employment would not involve the Government in loss of time and a large expenditure for his experience.

Of all the contractors whose services might be available for a job, it was necessary to know which were not tied up with other work to such an extent that the full strength of their faculties and forces might not be brought to bear on the job in question. Of those who were not too much engaged to take on work, it was necessary to know which had been idle so long that their organizations had been impaired or entirely disbanded. It was necessary to know whether a man's financial ability was such that he could shoulder the expense of an operation between the time of paying for materials and labor and the time when he would be reimbursed by the Government. After all of the elements that would affect the committee's judgment had been collected and studied it was necessary to cast up the qualifications of each available contractor against those of others. Finally by a process of elimination the committee would arrive at the probable best selections of a contractor for the particular job in view.

All of this work involved much investigation and many interviews with the contractors themselves and with persons from whom information about them might be obtained. All of this work took time, and obviously the rapid-fire nature of the Army's building program made prolonged investigation impossible every time a building operation was projected. To be prepared therefore to pass quickly on the question of a contractor for each project as it came out, the committee had to keep in force as a matter of routine business not only the investigation of all contractors of the country, but also had to keep the information regarding those contractors up to date; for in days of rapid changes the service of a contractor which might be available to-day might not be available a week hence.

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These callers could be classified from still another point of view. There were those who offered themselves and their organizations to the Government unselfishly and with little thought in mind except the service they might be able to render to their country; there were those who all too certainly had no thought at all except to get hold of some sure and easy money, the more quickly the better. Between these two extremes there were all imaginable gradations—between the man who knew he could perform a valuable service

and cared not at all about the emolument, and the man who although knowing that he had nothing to offer the Government sought only the pay. There were those of high capabilities who properly regarded their services as exchangeable for the Government's money; there were those who valued their services highly while any information obtainable by the committee failed to support their exaggerated opinions of their own worth.

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There were nights when we went home discouraged in the conviction that there were left no people in the world but the self-seeking. Then would come a brighter day, when we could see that there were enough real people left to keep the world moving on its path toward better things.

CLAIR FOSTER,
Major, United States Army.

(Extracts from Exhibit 4, pp. 938–939:)

[C. F. Exhibit 4.]

JULY 29, 1918.

From: Maj. Clair Foster.
To: Col. W. A. Starrett.
Subject: An important facility of the emergency construction committee of which little use is being made.

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If the Government should attempt to organize a body for the procurement of similar information it would necessarily fall short of its hopes. The better class of contractors, those from whom the most reliable information is obtainable, would not carry their tables to an investigating body; and even if brought before such a body would not unbosom themselves. While, with the committee on emergency construction, composed of men whom they know to be in sympathy with them, both in theory and in fact, they feel free to disclose any surmise or piece of information that they think may prove of worth to the Nation.

Formal investigations have their uses, but they seldom are called into action except for the purpose of uncovering a suspected bad condition; and

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their findings usually are made after most of the damage is done. It is usually assumed that unless one hears something radically wrong in connection with the performance of a contraction operation one can take it for granted that the job is proceeding admirably. As a matter of fact, there are all degrees and conditions of efficiency and inefficiency; and an operation should not be allowed to stray from the path of sound practice until it becomes so bad that you can actually smell it before it comes under official scrutiny.

Again I maintain that the unusual circumstances surrounding the activities of the committee on emergency construction constitute it a bureau of intelligence on matters pertaining to construction, the full possibilities of which have never come to the attention of the Government.

I want to make it clear that I do not propose that the committee be used as a detective agency. The narrowing tendency that comes from constant searching for failings in others would not be at all consistent with the aims of the committee. I am proposing no practice savoring of the violation of confidences. I propose that the Government avail itself fully of such inside information as indicates the need for corrections of method and policy in its contracts and its construction work.

CLAIR FOSTER,
Major, United States National Army.

(Extracts from Exhibit 5, pp. 939–940:)

[C. F. Exhibit 5.]

JULY 30, 1918.

Memorandum for the Assistant Secretary of War.
From Col. W. A. Starrett.

1. For your consideration the following suggestion is made:

(*a*) That you take the emergency construction committee and set it up as a specially appointed board advisory to you in matters pertaining to the Army building program.

(*b*) That the voting board be composed of two officers appointed by you—Mr. Door, of your office, and Mr. Donlin, who is now a member of the emergency committee, and who was nominated by Mr. Gompers at the request of the Secretary of War because he represents the building trades in the American Federation of Labor.

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3. The Construction Division would be notified:

(*a*) That it was not to see or deal with contractors applying for new contracts—that would be one of the functions of the board.

(*b*) That all opinions as to the performances of contractors should emanate through the Chief of the Construction Division.

(*c*) That such opinions should be based entirely on the question of merit and that the Construction Division should not concern itself with the politics of the contractor; his sectional influence; the congressional delegations supporting him; nor the personal prejudices of any subordinate officer dealing with him.

(*d*) That contracts be let only on the advice of the board.

4. The proposed board would have access to all of the records of the Construction Division and in fact to the records of the department in so far as they pertain to proposed or going building projects.

5. Such a board could render a valuable service in:

(*a*) The matter of lining up the contracting industry of the country and maintaining contact between it and the Army building program.

(*b*) Recommending placing of contracts.

(*c*) Advising on forms of contracts and the interpretation of same.

(*d*) Investigating and advising you on controversies that are sure to arise between the various bureaus and the Construction Division.

(*e*) Expertly advising you on exceptions that you are constantly being asked to make to the general rules laid down by you as to the conduct of the building program.

(*f*) Giving special advice on proposed new structures and their locations.

(*g*) Advising as to whether existing structures in a locality could not be used instead of new ones. Note: These two latter functions (*f*) and (*g*) would only be exercised under special request from you.

(*h*) Making special reports to you on complaints that are apt to arise from Congressmen and others as to the efficiency and adequacy of the conduct of the Government building work in any particular place.

6. The services of such a board could be made available to the War Industries Board and furnish valuable information as to the reason for and origin of many of the building projects which, under present conditions, come before the War Industries Board merely as abstract projects of the Construction Division. In general, it could maintain a general survey over the whole Army building program, including the Navy, Shipping Board, and Housing; the board herein described could render valuable service.

7. Appended hereto is a memorandum to me from Maj. Foster, of this office, analyzing in some detail the almost innumerable activities that this board could undertake in no way conflicting with the present governmental activities, but on the contrary supplementing and fortifying the work that is now being done.

W. A. STARRETT,
Colonel, Quartermaster Corps, National Army.

(Extracts from Exhibit 6, pp. 940–942):

[C. F. Exhibit 6.]

AUGUST 1, 1918.

Memorandum for Assistant Secretary of War.

From: Col. W. A. Starrett, chairman Committee on Emergency Construction, War Industries Board.

1. When I submitted to you my memorandum of July 30 suggesting a method of making more use of the Committee on Emergency Construction, I expected to be able to tell you verbally the reason why a more direct supervision over the Construction Division by you is advisable; and also why I suggested that this committee be utilized by yourself looking to more direct contact and super-

vision rather than that the committee be maintained as a part of the War Industries Board—this latter being a proposal which I heretofore advocated. I do not feel that I made these points clear in the short talk with you yesterday.

2. Taking the latter point first—because it is more readily disposed of—I have believed and still believe that, if the War Industries Board could exercise supervision over the building activities of all branches of the Government, the retention within the War Industries Board of this committee would be invaluable. But I believe and think that Mr. Baruch believes that since the War Industries Board concerns itself with general subjects, it does not consider it worth while to try to exercise supervision over the fractional part that is represented by the Army building program.

3. If the Construction Division could continue to function without outside advice, I should say that it really matters little whether this committee works under the War Industries Board or directly under the Assistant Secretary of War.

4. The facts are, however, as I explained somewhat meagerly, that there are too many indications that it will not so function unless helped and aided in many ways. The writing on the wall shows that what the division needs is aid and advice now, not condolences at some future time. The Construction Division is a fine set-up, by far the best that ever was made to administer Government building work. It has gotten away with a big job admirably. Nevertheless it must be borne in mind that the Construction Division is an enormous aggregation, many of the members of which have had little experience in the actual conduct of building projects, and of course none of whom have ever had to do with such huge tasks as the division is being called upon to perform. The division has thus far met the emergency largely by reason of the very fact that it is not composed entirely of dyed-in-the-wool construction men. Not being adepts at the game, and therefore not fully aware of its dangers, the Construction Division as at present constituted will forge ahead, taking all sorts of chances that old timers would not dare take.

5. I maintain that that is exactly what is needed in the present emergency. At the same time such a body is especially valuable and must be guarded continually from sinister influences and faulty practices. The whole safety of an organization so constituted lies in its having its attention called to the safe, straight, orderly course. As soon as it commences to jump sidewise into the bushes in the belief that it can jump back again and land safely in the middle of the path, it is commencing to show its weakness. Such an organization, as you know, needs to be continually under the influence of a detached point of view, to aid it, advise it, and keep it balanced on its straight course.

6. The administration of the Construction Division's present work is a staggering job in itself. On top of this is coming the enlarged program in the form of additional cantonment work. On top of that again will come the accumulation of duties that will be thrown upon it by the acquisition of the Ordnance work and outside jobs such as the nitrate and picric acid plants. All of this additional work will tax the division to the limits of its resources. At any other time the defection from sound policy would be dangerous, and just at this moment anything but the strictest adherence would be suicidal. The division is about to be driven at top speed and will then be more vulnerable than ever. The fact that it is not maintaining its insusceptibility to outside influence is becoming apparent. This fact wants to be faced right now instead of after the breaking of a storm that would interfere with the Army's needs.

7. That the stability of the division is at least being endangered is indicated in numerous ways. The tendency to concern itself more and more with what contractors have or have not had some of its work, instead of adhering firmly to the question as to what contractors can at any given time serve best the Nation's interests, is a point that causes deep concern. The fact that more and more is the division being subjected to influences other than the Government's needs, and is more and more falling prey to such influences is a bad indication.

8. The division's attitude in the matter of acquiring jurisdiction over the new nitrate construction work looks bad. It did not see its problem solely in the light of the Government's need; it concerned itself abnormally with the question of what contractors should get the work. In the matter of the addition of the Jacksonville camp, it permitted itself to be stampeded by personal and political influence into intrusting a million dollars worth of building construction to a man now employed at the camp as a road builder, and who

has had no building experience whatever. Neither the means employed by this man to secure the proposed additions to the camp nor even his achievements as a road builder recommend him to this committee.

9. More and more are the officers of the Construction Division becoming a stamping ground for contractors looking for Government work, or for persons seeking information in behalf of contractors or for themselves; and more and more is this practice being encouraged. Out of this tendency to allow the officers in the Construction Division to spend their time with contractors and agents, there grows a lot of disorganizing rumor and gossip that comes back to the Committee on Emergency Construction obtained from some of the under officers of the Construction Division that this committee itself never would think of making public.

10. The tendency is growing in the Construction Division to exhibit a whimsical and spiteful attitude toward some of the best contracting organizations in the country. The triviality of some of these fault-findings indicates the narrowness of their source. Nevertheless I have seen this attitude reflect itself upon the upper officers of the division. Many of the contractors are just as high-minded and patriotic and as keenly aware of the needs of the country as the rest of us; and from our favored vantage point we see that they resent this false attitude and will not stand for it long. When they have got to the blowing-up point there is going to be a lot of splattering.

11. There is a growing tendency to regard constructing quartermasters at the site of operations as the dominating feature of the jobs. They are forgetting that the Government in this emergency is, strictly speaking, not letting contracts at all. It is putting responsibilities on contractors that never before were carried by them. It is, in effect, saying to them, "We are employing you for a fixed fee to furnish your integrity and experience in the performance of a task which the Government itself is not in position to undertake. It is making you, in effect, the disbursing officer of the Government." The Government is paying these contractors fees commensurate with their high capabilities. Therefore, for an inexperienced constructing quartermaster to prevent them from serving the Government in a way to earn their fees is a practice extremely wasteful of the time and money and destructive of the morale both of the Construction Division and of the contracting industry.

12. With the accession of a great deal more work, the upper officers of the Construction Division will be obliged to depend more and more either on the contractors selected or on the constructing quartermasters. The correct decision as to which horn of the dilemma it shall choose is fraught with great possibilities.

13. I could go on giving instance after instance that has helped to show me just what the Construction Division and the Army's building program is heading for unless it is brought more directly under your own scrutiny and control. My conviction is that this committee under existing circumstances is your best medium to use to watch over and guard the interests, first, of the Construction Division, then of the Army's building needs as a whole, and, next, of the Secretary of War himself.

14. A way in which you could utilize this committee for the purpose was suggested in the memorandum I left with you yesterday. If the set-up indicated does not fully meet your needs, I shall be glad to have the opportunity of helping you to revise it or to make further suggestions. At any rate, the problem exists and is begging for a solution.

W. A. STARRETT,
Colonel, Quartermaster Corps, National Army,
Chairman Committee on Emergency Construction.

FOSTER.

During my association with the Thompson-Starrett Co., Col. Starrett and I were very intimately associated. We have always been very warm friends.

Q. And you were a strong advocate of the cost-plus system?—A. Under the circumstances in peace times, nothing doing (p. 943).

It is a perfectly fine contract if you have enough confidence in the contractor who is doing it.

Selecting the men to whom these contracts were to be let was a very important place, as occupied by me (p. 945*).

Mr. McCulloch. Of course, you had sufficient interest in the cost-plus contract to write a letter in defense of it; is it your judgment that it is a good thing?

Mr. Foster. It just depends on whether the Government wanted the camps immediately. If you wanted to wait until you got all of the plans drawn and the specifications written, and had some kind of an arrangement with the Government to fix the prices on all building materials, and then send out and get a lot of competitive bids from a lot of contractors—if you wanted to wait and do that you never would have gotten the camps done.

Mr. McCulloch. The prices were set on building material on the 1st of May, before the camps were built.

Mr. Foster. I beg your pardon.

Mr. McCulloch. Will you say they were not?

Mr. Foster. There were lots of things that were not—hardware, nails, and all sorts of things that were not fixed, and we didn't know whether we could get them.

Mr. McCulloch. Lumber and cement were fixed.

Mr. Foster. There are a lot of things in a building besides lumber and cement—thousands of things (p. 945.)

Mr. McCulloch. Now, is it true that the contractors were besieging you for these contracts, because they did not have any work?

Mr. Foster. Absolutely; yes, sir (pp. 946, 948).

Mr. McCulloch. This was a safe contract for the contractor, wasn't it?

Mr. Foster. It was; because he didn't take any chances.

Mr. Doremus. When did you go to work for the emergency contract committee?

Mr. Foster. Sometime in March, 1918.

Mr. Doremus. And quit when?

Mr. Foster. I was discharged from the Army during the latter part of March, 1919, but the emergency contract committee had finished their work two or three or four months before, and they did not need us. We had work on other work.

Testimony of Lieut. J. T. Talmage, recalled (p. 952):

Mr. McCulloch. How about the method of the contract being satisfactory to the Quartermaster Department and the contractor? Do you remember anything about that?

Mr. Talmage. I do not, sir.

Mr. McCulloch. Did you ever hear of the Quartermaster Department giving approval to this contract, the emergency contract?

Mr. Talmage. If I did, I do not recall it now.

Mr. McCulloch. Do you know anything about this contract being submitted to the various contractors throughout the country for their approval, and approval being received?

Mr. Talmage. In regard to that point, Col. Starrett called in some contractors whom he considered capable, reliable, representative contractors, of the building industry, to get a general slant on what would be the most advisable form of contract to use, and as to——

Mr. McCulloch. Will you name some of those that it was sent to?

Mr. Talmage (continuing). And as to the percentage to be paid, the profits, and other ideas, which had been coming up before them in their discussion of the contract.

Mr. McCulloch. Now, will you tell us how many there were; about how many there were?

Mr. Talmage. I should say about eight.

Mr. McCulloch. Can you name them?

Mr. Talmage. I can not.

Among them were Mr. Hamilton or Mr. Murphy of the Stone & Webster Corporation. Mr. Mears, a representative of Fred F. Ley & Co. They got the first contract (p. 953).

After Mr. Lundoff resigned as chairman, he remained on the committee willingly to give his advice as requested. He didn't take any part in the deliberations in regard to the recommendations of contractors (p. 954).

(Extract from J. B. T. 1:)

W. A. Starrett:

I submit the following on the basis of the preliminary discussion in regard to daywork contracts, which will be let by the Government.

I would suggest that we concern ourselves simply with emergency contracts that must be let on a percentage basis. The routine contracts will be attended to in the regular way by the departments, and I assume that we should not concern ourselves with these.

It may seem wise to the committee that with each emergency contract should be attached a statement, giving the exact reasons which necessitate handling this contract as an emergency measure. Everyone has experienced the difficulties which come from striving to recollect the exact occasion which prompted an act of even a few months ago. Where personnel is likely to change rapidly, it becomes doubly desirable to have a very full record made explaining the situation existing at the particular time an act is done.

I should greatly like to have consideration of the proposition as above outlined. Such a statement to my mind would give the use to which the building

* * * * * * *

A discussion of the effect of bonus and forfeiture clauses in a daywork contract might be of value.

* * * * * * *

I particularly call the attention of the committee to the work done by Mr. C. D. Thurber, of the Yards and Docks Department of the Navy. It may occur to the committee that they would like samples of the various forms of daywork contract that have been drawn up for the different departments of the Government, and the committee may wish a list of the departments which are likely to make contracts. The committee would, of course, wish to know whether the scope of its work is confined to any one department of the Government, or whether it is to go into the general subject of Government percentage contracts.

I don't know in whose handwriting out in the margin this is (pp. 954–955).

[J. B. T. Exhibit 1.]

Council of National Defense,
Washington, June 11, 1917.

Memorandum to chairman Committee on Emergency Construction from subcommittee.

Subject: Cantonment construction—Points to be borne in mind and definite decision reached.

1. Selection of site, department commander.
2. Acceptance of site, Mr. Olmsted.
3. Topography of site, Mr. Olmsted.
4. Investigation and decision, water supply, Mr. Olmsted.
5. Investigation and decision, sewerage, Mr. Olmsted.
6. Selection of engineers and contracts with engineering firms, Mr. Olmsted.
7. Selection of contractors, Mr. Starrett.

8. Final decision and acceptance of building design, completed.
9. Adaptation of building to site, Mr. Olmsted.
10. Basis of subcontracts, Mr. Starrett.
11. Percentage of profit paid to contractor, Mr. Starrett.
12. Shall contractor of Government pay subcontractor's profit, Mr. Starrett.
13. Approval of subcontractors, Mr. Starrett.
14. Contractor's time schedule, Mr. Tuttle.
15. Assembling sources of men, Mr. Tuttle.
16. Assembling sources of supplies, Mr. Tuttle.
17. Bills of material, Mr. Tuttle.
18. Placing of orders, Mr. Tuttle.
19. Inspection of materials, Mr. Tuttle.
20. Schedule of delivery on materials, Mr. Tuttle.
21. Organization of contractors' forces, Mr. Tuttle.
22. Camp sanitation during construction, Mr. Olmsted.
23. Quarters for workmen, Mr. Olmsted.
24. Provision for storage facilities, Mr. Tuttle.
25. Submission of monthly requisitions, Mr. Tuttle.
26. Definite decision on method of accounting, Mr. Tuttle.
27. Installation of checking force, Mr. Tuttle.
28. If Government holds up payment, can contractor do likewise to subcontractors and material men, Mr. Tuttle.
29. Will interest be paid contractors on all payments held up, Mr. Tuttle.

This exhibit represents the work that was apportioned by Col. Starrett to the various people we had with the committee. I think it was for them to look up, in order that they could get more information and reach a decision on the part of such people of the committee as could make a recommendation (p. 956).

(Extracts from J. B. T. Exhibit 1:)

[J. B. T. Exhibit 3.]

MAY 9, 1917.

To: General Munitions Board, Council of National Defense.
From: Committee on Emergency Construction of Building and Engineering Works:

This report deals with day's-work contracts, as your committee assumes that the routine contracts of the Government will be handled through their regular channels. Your committee is therefore addressing itself only to the emergency work which will have to be done in a hurry, largely before plans and specifications are completed, and in any event largely before it is possible to get together competitive bids and otherwise define the work in all its details, as might be advisable under normal conditions. Therefore your committee confines itself to the discussion of conditions which arise under emergency work, as above defined.

In order that the work be most expeditiously handled under the above conditions, your committee recommends that the following fundamental conditions be established as the basis of all contracts on emergency work. Your committee holds that, under the present disturbed condition of the building and contracting market, it would be impractical and unwise to attempt to let emergency work on fixed-price contracts. Your committee has also given consideration to the many patriotic suggestions and offers that the contractors do the work without profit, but these, in the opinion of your committee, should be rejected both because they would not be productive of good results, and further, that such procedure would be economically unsound.

I. All emergency work should be let on the "percentage" or "cost plus" basis; that is, the basis of actual cost of the contractors plus a percentage to cover overhead and profit. The work should be let to contractors of proven ability and standing who have established reputations for conducting contracts successfully and honestly. With such contractors your committee believes that results would be obtained which would be fully as economical as though the work were let on a competitive basis and would have the further advantage of insuring the completion of the contracted works in time for the uses to which they are to be put.

II. The objects in letting emergency contracts should be three:

(1) Delivery of buildings, structures, or work in time.

(2) Maintenance of the necessary standard of quality.

(3) Maintenance of lowest possible cost consistent with the foregoing (1) and (2) in the order named.

III. The following schedule of percentages should be paid to the contractors provided the Government furnishes the plans and specifications on which the work is to be done:

Here follows schedule:

IV. No bonus or forfeiture clauses should enter into any contracts, as both will tend to defeat the objects as defined in II. Provisions for reduction from the amount of profit of the contractor should be made, however, in case of his default as described in paragraph XV.

V. Contractors undertaking this work should measure up to a standard of responsibility as follows, and it should be fundamental in the letting of these contracts that under no circumstances should contracts be let to contractors who are not, in the opinion of some suitable committee to be appointed by you, qualified.

VI. Contracts, so far as possible, should be let to general contractors without attempting to split the work into subcontracts let direct by the Government.

No contractor should be allowed to undertake this work—

(*a*) Whose responsibility has not been established by a record of two years of successful experience in the contracting business.

(*b*) Who has not performed single contracts at least three-quarters as large as the contract for which he is being considered, or to a value of $500,000.

(*c*) Unless the work he has been performing has been of a character somewhat similar to the contract under consideration.

(*d*) Unless in the opinion of the committee on emergency contracts of buildings and engineering works he owns a plant suitable for the work.

(*e*) Unless he submits sufficient proof of a capable organization to conduct the work.

(*f*) Unless he shall conduct his work under an accounting system that will be satisfactory to the auditors to be appointed by the Government to check and audit his accounts.

(*g*) Unless a sworn statement of the contracts he has performed for the period of the past two years, together with names and addresses of owners and engineers or architects who had charge of such work, is filed with the authorities in charge of letting the work. Such authorities should communicate independently with and receive from the concerns for whom the contractor has done work attestations of satisfaction, which attestations should represent at least 25 per cent of the contracts represented in the sworn statement above referred to.

VII. Every emergency contract let should have attached to it a statement of the reasons why it was let as an emergency contract and the uses to which the works under the contract are to be put, such statement to be a part of the contract to which the contractor must subscribe by way of recognition of his responsibility.

VIII. Means should be provided for prompt payment by the Government to the contractors. The most expeditious work will be obtained by arranging that the contractor shall be paid promptly each month for the work done in the preceding month, such payment to include the stipulated part of the profit to the contractor, as indicated in XV. The Government should have the right at all times to audit the books of the contractor in so far as they pertain to the work under these emergency contracts, and if at any time it should appear that the contractor has not paid his subcontractors commensurately with the payments he has received from the Government then the chief of the department should have the right to stop all further payments to the contractor until such arrears to subcontractor has been paid, or in the event of the continued refusal of the contractor to pay his subcontractors on the work the moneys due them, the contracting officer should have the right to pay the subcontractors, and in that event the contractor should not be allowed to receive any profit on payment so made. Contractors should be required to take advantage of all cash discounts and the Government should provide means for his doing so.

IX. Costs should be defined as the actual net cost of the work, including all expenditures for labor and material, superintendents, expedition, field engineering, charges, telegrams, temporary offices, cost of liability and fire insurance, telephones and all incidental expense, as is usually defined by similar contracts current in private work. Such cost should exclude all overhead

and executive expense, but not necessary traveling expenses of the executives, which might be chargeable solely to the account of the job for which such travling expenses might be incurred (p. 958–959).

I am a brother-in-law of Mr. C. W. Lundoff, of the firm of Crowell-Lundoff-Little Construction Co. Mr. Bascum Little, another member of that firm, was chairman of the machine-gun committee of the General Munition Board, and Mr. Crowell, the other member, was Assistant Secretary of War. I believe Mr. Crowell and Mr. Little married sisters (p. 966).

Contractors who had a local office in a zone or considered in that zone, so that the big concerns who had branch offices were considered as local concerns where the branch offices were, would be given the consideration (p. 970).

The questionnaire submitted by the Cleveland Construction Co. indicates that it is incorporated for $100,000, and no doubt we acted on that information (p. 971).

They had the Camp Perry contract, in the neighborhood of five or six million dollars.

Testimony of JOHN DONLIN, member of the emergency construction committee:

I am a plasterer. President of the building trades department of the American Federation of Labor. Came to the emergency construction committee in August, 1917. The original cantonment construction work had then all been awarded (pp. 971, 972).

I know the job at Sixth and B, Washington, and I know that Fuller did the work. I suppose I was there when Fuller was recommended. Meetings show Starrett and myself. Paul Starrett, a brother of Col. Starrett, is the president of the Fuller Co.

NOTE.—The record elsewhere shows that Maj. Starrett was appointed construction quartermaster for this job, which was done on a purchase and higher basis.

SERIAL 3, PART 16.

WASHINGTON, D. C., *October 21, 1919.*

J. B. TALMAGE, recalled (pp. 977–987):

(J. B. T. Exhibit 19, pp. 977–978:)

[J. B. T. Exhibit 19.]

FRED T. LEY & CO. (INC.),
GENERAL CONTRACTORS,
New York City, December 4, 1917.

Maj. W. A. STARRETT,
Committee on Emergency Construction,
Council of National Defense,
Munsey Building, Washington. D. C.

MY DEAR BILL: I understand they are going to have about a million and a half dollars' worth of building work in the section of Frankford, Pa., or Bridesboro, which is right near Frankford.

As you know, we are operating on a very large scale at Bristol and we could handle any work in that section to very great advantage. Our organization right at this moment is in a very unwieldly condition. Our Ayer work has just about finished and this is quite true of several of our other large operations. We are in a position of carrying a very large force of superintendents as well as executive men for whom we have no need.

This is the reason for taking it up with you in regard to Frankford, as we could man the job immediately. Added to which, it would be a great help, hav-

ing two jobs right together, for the reason that if one job eased up we could use the men on the other, and vice versa.

I do not expect to be in Washington this week, but will surely see you sometime next week.

With very kind regards, I am,

Yours, very truly,

JAMES A. MEARS.

(J. B. T. Exhibit 20, p. 978:)

[J. B. T. Exhibit 20.]

SAN FRANCISCO, CALIF., *July 16, 1917.*

W. A. STARRETT,
938 Munsey Building, Washington, D. C.:

Have you considered excessive cost to Government of handling construction through general contractor who sublets most of work and necessitates a double profit paid by the Government? It is practicable to handle your work by a system of construction management in which the general contract is made administration and service only, while each trade actually at work on operation receives its legitimate profit only. Lindgren is building Southern profit paid by the Government? It is practicable to handle your work by a but guarantees both cost and time.

FREDERICK WHITTON.

(Extracts from J. B. T. Exhibit 21, pp. 978, 979:)

COMMITTEE ON PUBLIC INFORMATION,
June 21, 1917.

MY DEAR RALPH: This seems to me to be a pretty good idea. Will you look it over and, if possible, take it up with the Secretary?

Sincerely,

GEORGE CREEL.

MEMORANDUM.

(In pen: "Who sends this?"
W. A. Starrett.)

Immediately some method must be devised to distribute the responsibility of the general contractors who have already received and those who will shortly receive contracts for the construction of the 16 cantonments. Careful investigation by a newspaper friend of mine would seem to indicate that the Government, in a large sense, must trust to luck as to the honesty of the contractors in this work unless said contractors are harnessed in some sort of way that puts them upon their honor in the eyes of the whole country.

* * * * * * *

This "local committee" is only a suggested way of spreading responsibility back on the people, for this is a democratic country, and the wider the range of responsibility the better I think for the Government. To hand everything onto Washington is going to produce a crash that will be the delight of our enemies and the chagrin of our allies. So, if anything is done along this line in connection with the cantonment building, which is, in a sense, the try-out emergency undertaking, it must be done posthaste. Never mind if the Quartermaster's Department of the Army says we have checks; never mind if the emergency committee of the Advisory Commission says we have forecasted all these conditions. They think they have. But they haven't, because both have looked at the proposition from a restricted vision and not taken the job as a whole from the standpoint of the public.

(Extract from J. B. T. Exhibit 22, p. 980:)

WAR INDUSTRIES BOARD.
COUNCIL OF NATIONAL DEFENSE,
Washington, January 18, 1919.

From: Committee on Emergency Construction.
To: War Industries Board. (Through Col. Palmer E. Pierce.)
Subject: Compensation of contractors.

1. This committee has been studying the compensation of contractors in light of the experience gained in the building program which we have just passed through, and desires to report to you its conclusions:

2. It is now becoming evident that the Government's building administrative organizations are finding it advisable to render many services which in civilian practice are usually carried out by the contractor. To this extent the overhead expense of the contractor is being modified, and, while the necessity for efficient contracting organizations is as definite as it ever was, and we are now able to gauge the Government's contribution in the way of organization toward the general administration of the work.

(Extract from J. B. T. Exhibit 23, pp. 982–983:)

JUNE 12, 1917.

Memorandum for General Munitions Board.
Subject: Selection of contractors.

Confirming verbal report given you at the meeting of the executive committee of the Munitions Board on May 8, I beg to report herewith on the method pursued by this committee in arriving at the recommendations for letting construction contracts.

Pursuant to instructions from you, this committee, on May 12, sent out a general confidential questionnaire to the chapter presidents and secretaries of the American Institute of Architects, to the chief engineers of the railroads throughout the country, and to others in fiduciary positions, whose knowledge of contractors might be of value, the purpose of which was to develop a list of contractors throughout the country, to which the General Munitions Board might turn in case it should be called upon for advice in letting contracts for the emergency work which the Government had in contemplation.

The return from this questionnaire developed a large list of responsible contractors throughout the country with the result that the committee was able to make a separation of those contractors on the basis of their general volume of business, the quality of their organizations, and the kind of work they have been doing. From this list the committee was able to separate a list of contractors that we deemed capable of undertaking cantonment contracts. Having made this separation, we cross referenced the contractors of this class geographically, so that we would be able, when a cantonment selection was made in any geographical area, to select contractors for the area. This list was put in charge of Mr. John H. McGibbons, Chicago representative of the United States Fidelity & Guaranty Co., of Baltimore. The committee also called into consultation Dr. Leonard Metcalf, eminent waterworks and public utilities expert, of Boston; Mr. George W. Fuller, expert on sewage disposal and drainage, and also widely known as a consultant on public utilities and large contracting works. Capt. Oury and Capt. Marshall, of Col. Littell's staff, attended meetings of the committee, as did Col. Littell. For your committee, Mr. Olmsted and the writer served, both Mr. Tuttle and Mr. Lundoff asking to be excused, because they are themselves contractors. Maj. Kelly, also of the committee, was not asked to attend, largely because the meetings were generally hastily called, and often continued for many hours. In deference to his request, we did not engage him in these long meetings, on account of the pressure of his own affairs. We assumed that he would concur in our actions, in view of the methods we were pursuing, and in this he has since concurred.

To review: Those who took part in the deliberations were W. A. Starrett, chairman of the firm of Starrett & Van Vleck, architects, New York City; Frederick Law Olmsted (Olmsted Bros.), Boston, landscape architects and city planners, both of your committee; and, as advisers, Leonard Metcalf (Metcalf & Eddy), consulting engineers, Boston; George W. Fuller, consulting engineer, New York; John H. McGibbons, manager of the Chicago office of the United States Fidelity & Guaranty Co., of Baltimore.

Appended hereto is the list of contractors geographically selected, which the committee is using. To this other names may be added for use in future deliberations if the evidence warrants such addition. The recommendations of the five cantonments selected as per our reports to you of June 6, were made from the list attached as will appear. The file of contractors, whether on the attached list or not, is intact and considered by the committee to be the property of the General Munitions Board. Mr. McGibbons will remain in charge of it, and will be in position to furnish very complete data should any question as to contractors arise.

W. A. STARRETT,
Chairman Committee on Emergency Construction of Buildings and Engineering Works.

(Exhibit J. B. T. 25, p. 984:)

AUGUST 6, 1918.

From: B. M. Baruch, chairman War Industries Board.
To: Adjutant General of the Army.
Subject: Assignment of contracting officer for new War Industries Board Building.

1. It is recommended that Col. W. A. Starrett, Quartermaster Corps, National Army, chairman of the Committee on Emergency Construction of the War Industries Board, be assigned to the additional duty of contracting officer of the new War Industries Board Building to be constructed at Fourteenth, Fifteenth, and B streets, Washingon, D. C.

B. M. BARUCH,
Chairman War Industries Board.

(Extracts from J. B. T. Exhibit 26, pp. 984, 985:)

DECEMBER 8, 1917.

From: Committee on Emergency Construction.
To: Col. Palmer E. Pierce.
Subject: Emergency construction by various departments.

1. We respectfully invite your attention to the order from The Adjutant General to the Quartermaster General of the Army, dated October 5, 1917, which reads as follows:

"1. The Secretary of War directs that all building and construction rendered necessary in the United States by the present emergency and provided for by existing or pending appropriations shall be executed by the Quartermaster General's Department under the direction of Col. Littell.

"2. If any special case seems to any head of a department an exception to this rule, the Secretary of War will pass on it separately.

"By order of the Secretary of War.

"JOHN S. JOHNSTON, *Adjutant General.*"

2. This order is not followed literally and, so far as we are aware, there is a tendency throughout the various departments of the Army to continue to digress from it.

3. The Signal Corps has, since the beginning of the war, maintained its own separate building organization, and at this writing the General Staff has under consideration a plan whereby the coordination of the work of the Signal Corps and the Cantonment Division will be properly effected. Maj. Hockman, of the Supply Division of the Ordnance, is effectually cooperating with the Cantonment Division in the building of the ammunition-storage depots.

However, it has come to the attention of this committee that several of the sections of the Ordnance Department are striking out with new building organizations.

We are informed that one of the divisions has entered into a contract of its own making with the Maryland Dredging Co. for building the ordnance proving grounds near Baltimore.

Another contract has been made by the division under command of Col. Joyes for the building of large nitrate fixation plants and cyanide plants at Sheffield, Ala., and Muscle Shoals, Ala., respectively.

* * * * * * *

4. So far as we can learn, there is no uniformity in the contracts under which the foregoing projects are being conducted (excepting Signal Corps and Cantonment Division).

5. The order from The Adjutant General, herein referred to, has no doubt escaped the attention of the officers responsible, and they are probably unaware that to obtain full advantage of the facilities furnished by the War Industries Board and the Council of National Defense complete cooperation with the policies of those bodies must be maintained.

6. No long argument is necessary to point out the obvious disadvantages of this haphazard system of contracting. Two results, both detrimental to the interests of the Government, are sure to ensue, however: First. Lack of uniformity in contract methods tends to destroy confidence in the Government's policy as established by the War Industries Board and carried out by the Cantonment Division, the properly authorized contracting agency of the Gov-

ernment. So long as there is uniformity, the contractors will be willing to accept the terms and conditions imposed, but if they discover that more favorable terms can be obtained by dealing with departments other than the Cantonment Division, they will naturally endeavor to obtain that more favorable business. However, by this independent bargaining, the Government has no check on the amount of work allotted to any given contractor, nor have the agencies making these contracts any contact with the valuable information available through the War Industries Board. Second. Only the Cantonment Division and the Signal Corps organizations have the complete machinery for taking full advantage of the Government's facilities. These sporadic building organizations, so far as we can learn, have little or no knowledge of the Government's facilities for obtaining prices, priorities, or transportation service. Already huge projects under contemplation by these two well-organized departments (Signal Corps and Cantonment Division) threaten to exhaust the total available supply of certain standard building materials and appliances commonly used in building. The less organized agencies are, therefore, sure to suffer. Through a uniform system, as contemplated in The Adjutant General's order, specifications could be modified and a general scheme of noninterference established, thus avoiding the interferences that are now inevitable, which is impossible under the present conditions.

Since the Cantonment Division is the properly accredited agency of the Government which acts in cooperation with the Government's materials and transportation committees, it is evident that these independent projects are going to suffer as a result of the conditions herein brought to your attention.

7. We recommend (*a*) that a canvass be made of this whole situation to ascertain the extent of this independent building activity in the various departments; (*b*) that steps be taken to again call the attention of the departments to the order of The Adjutant General; (*c*) that wherever possible such outstanding independent contracts as exist be called in and examined with a view to seeing what can be done to adjust them to the Government's building policy as established by the War Industries Board; and (*d*) that definite steps be taken that will insure the prevention and further digression from the order of The Adjutant General (p. 986).

COMMITTEE ON EMERGENCY CONSTRUCTION.
By W. A. STARRETT, *Chairman,*
Major, Engineers, U. S. R.

Mr. MCCULLOCH. There were contracts entered into, as I understand it, by the Government with the George A. Fuller Co., of which Paul Starrett was the president, which contracts were let on the recommendation of the emergency construction committee, and later Col. Starrett was assigned as supervising constructing quartermaster on the work. I wish you would tell the committee just what contracts those were and where the buildings are located.

Mr. TALMAGE. That group of buildings was a group of temporary buildings constructed for the various departments, such as the Food and Fuel Administrations, Council of National Defense, War Trade Board, and War Industries Board.

* * * * * * *

Mr. MCCULLOCH. It was Starrett's recommendation?

Mr. TALMAGE. In conjunction with each bureau or department that was erecting the building.

Mr. MCCULLOCH. And he was assigned to supervise a contract of a concern of which his brother was the president, isn't that correct?

Mr. TALMAGE. That is correct, sir (p. 987).

Frank A. Scott, vice president Warner & Swasey Co., Cleveland, Ohio (p. 987–1019):

Chairman General Munitions Board of the Advisory Commission of the Council of National Defense. First came to Washington about

the 20th of March, 1917, on letter either from Secretary of War or Mr. Howard Coffin.

I believed then, and believe now, that in war speed is the surest way to win, and the cheapest in the end. If you can hasten the end of the war you save life and you save money. I believed then, and I believe now, that war is sustained not only by the material but by the moral resources of the people, and that their morale is destroyed by unnecessary waste of life or money. Therefore to coordinate effort becomes the prime duty of those charged with the conduct of the war (pp. 988–989).

Endeavored all the time to emphasize upon the ever-increasing number of the board that the board's work was advisory only, that it had no foundation in law. Designated a committee to draft a statement of what they considered to be the duties and limitations of this organization (p. 989).

The primary duties of the General Munitions Board was to form a clearing house of the purchasing agents and their several duties (p. 990). The General Staff at the time was not large enough to undertake the coordination task, and had not the power of expansion, which would have made it possible for them to undertake the task. They cooperated by having a General Staff officer on the General Munitions Board (p. 990). There was in existence in the Army a coordinating board, and also some kind of friendly cooperative effort between the Army and the Navy looking to the same end, touching precedence of orders, but this board, however, had not the power and the strength that were eventually lodged in the General Munitions Board by this strong action on the part of the two Secretaries sent to their two departments—to designate officers on this board, and then, under certain conditions, to abide by the action of those officers (p. 991).

The subcommittees of the General Munitions Board, as I recall, were appointed by the General Munitions Board in most cases, although I believe there were subcommittees that were appointed on the request of an individual commissioner of the Council of National Defense, who headed the division for which action was desired (p. 992). The question came up early how wooden cantonments might be built. The law made that clear. The Quartermaster's Department of the Army is charged with the duty of providing housing facilities. This is the question raised: Was the Quartermaster Corps at that time supplied with sufficient personnel to do it within the time that would be allotted for the work whenever the Congress should act providing for the Army (p. 993). I believed then, and I believe now, that the way for us to go to war is to expand as far as it is possible for us to do so the military arms of our Government as they existed in time of peace. Those men sacrificed their lives and their chances of material welfare in time of peace, and if it were our policy, and I thank God it is not our policy and hope it never will be, to discard them when war comes, in the doing of the thing to which they have given their lives, I believe eventually that would wreck our Government. I therefore, as far as I could, stood very strongly for the expansion of the departments by way of civilians, without compensation, if they could afford to do so, and without title, with a willingness to drop out of existence whenever they had rendered

their assistance, and giving credit for their accomplishment to those whose profession it was to accomplish it and without whose leadership it would have been impossible to accomplish it (p. 994).

As to jurisdiction retained by the General Munitions Board over its subcommittees, it endeavored to retain supervision of the work of its committees and see strictly to it that those committees did not extend their operations beyond the limits fixed by the Council of National Defense, and especially on one point, that the committees had no power, that they were extra-legal bodies, and their usefulness depended entirely upon their willingness to give what advice they could and rest the matter there.

Mr. McKenzie. During that period of great activity, and especially after this committee on emergency construction got into full swing in the letting of contracts, did you take the position, as chairman of the General Munitions Board, that your committee and all the subcommittees thereafter appointed under the law had only advisory power and had no power to assume to actually perform and carry out any contract or any other function other than that of being advisory; was that your position?

Mr. Scott. Yes, sir; that was my position then, and it is my understanding now, of what the condition was at the time, and to any extent that the records show that I departed therefrom I am at fault, if they do show any such thing (p. 990).

(Extract from minutes, General Munitions Board, May 10, 1917, p. 996:)

COMMITTEE ON EMERGENCY CONSTRUCTION—CONTRACTS.

In connection with the work being done by the above-mentioned committee, it was suggested that all general questions pertaining to the construction of buildings be referred to Mr. Lundoff's committee, and the motion being properly seconded, was carried, to the effect that the functions of the emergency construction committee should be increased to cover general questions pertaining not only to forms of contracts, but to engineering and construction work as well, and that this committee should be enlarged by the addition of two or three men of engineering experience.

(In this connection note extract from minutes, Council of National Defense, Apr. 7, 1917, p. 872.)

This was an endeavor to make that committee responsible for the handling of that type of questions. Notwithstanding this statement in the minutes, it was my understanding that these various committees should only act in an advisory capacity to those really in authority (p. 996).

If they did at any time as members of that committee exercise arbitrary power and assume functions that properly belonged to Gen. Littell, who was at the head of that division at that time, then they were violating not only the spirit of the law but the understanding of the chairman of the General Munitions Board.

Mr. Scott. The power of all those committees, as I understood the law, and as I endeavored at that time to impress upon all my associates, was advisory. They were not administrative bodies and could not have been held responsible under the law, as those other gentlemen could be, for their acts; and it was not in the interest of our Government to have had it otherwise than as these minutes show it was intended to be (pp. 996–997).

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Mr. SCOTT. Mr. Chairman, that carries me back, then, I presume, to the point before this committee and everywhere one has to bear the responsibility for his acts and for his opinions. It was my opinion then, and it is now, that the country expected that the war would be won and it was ready to sustain whatever effort was necessary to win the war, and one of the things for which it would require a severe accounting upon the part of the man who assumed to bear any share of the responsibility would be any failure to provide those things which would save American lives and insure victory. I believed that all the time. I believed that if the American Government were going, or if the American people were going to back American lives against American dollars they would put all the chances on the saving of American lives. I am telling you this so that you may get the atmosphere of my mind at the time; and yet I was not so divorced from ordinary business sense as to believe that the country desired that the war should be conducted without attention to those principles of business and business integrity that govern us in the ordinary affairs of life so far as they could be made applicable to such an emergency as that.

I knew, as anybody who was familiar with what was going on at the time could see very clearly, that the Government was going to be compelled to force manufacturers and others engaged in industry into operations in advance of the time that those people ordinarily would require to tell the Government what that operation would cost. That situation is best illustrated by the rifle contract, on which I was examined, as I am now being examined, before the Committee on Appropriations. Immediately when the rifle contract was made, because the idea at that time was that they could not wait for those companies to tell the Government whether they could make rifles for $26 or $36; but we had to have rifles if we were to win the war, and it was the duty of the Government, in my opinion, and I am glad that that duty was exercised, to say to those men "Go ahead and make the rifles. As you make them we will check you up and we will pay you in time what is fair for you to receive." And that general spirit was put into the contract, which Mr. Fitzgerald and Mr. Shirley and Mr. Gillett analyzed very carefully, and resulted in the production of a rifle at only a dollar or two more than the Springfield rifles cost which we were manufacturing prior to the war.

But, of course, I was anxious that the Government should be safeguarded in all expenditures with which I had anything to do (pp. 998–999).

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But the atmosphere at that time in the departments, and among those contractors who appeared in Washington in every line—and I think you will find that the records of the Congress will show a discussion in the Congress—was to the effect that the cost-plus contracts were going to be a necessity at that time. In fact, my recollection of the discussion in the Congress was that it would probably lead to less profiteering than the straight contract system, as under the latter contractors might make exoribtant profits, but that is just from my memory of what I read in the newspapers of what was being said. But the atmosphere of the whole period was that the work must go forward; that there could not be time allowed for the taking of

bids, because you can not get a bid from a contractor, whether a manufacturer or a builder, until you can tell him specifically and to the last detail what you expect him to do. To the degree that you can not be specific you must leave open, as your chairman suggested here on yesterday, you must leave open certain items which may be adjusted later. Either that had to be done or officers had to take the responsibility of deciding that they would award a contract at a fixed price to a person without taking bids, which I think was not only illegal, but much more dangerous than the cost-plus system.

That was the general atmosphere in all the departments at that time. I believe that that led—and I think, Mr. Chairman, that your records in the Committee on Military Affairs of the House will show it—that that led to an order from the Secretary of War to his departments that under the law he was authorized, when an emergency existed, to instruct his departments wherever necessary to discontinue the system of receiving bids and to award their work under more open contracts. I believe you will find he issued such an order, and I think I heard him dictate it (pp. 999–1000).

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The testimony of builders and engineers and contractors who came daily to the rooms of the General Munitions Board or to the Quarmaster General's Office, and to the Office of the Secretary of War—and I encountered them in all those places—was to the effect that if we waited until the General Staff located the cantonments, and until contractors had a chance to examine the cantonment sites, and until the Quartermaster General's Department and the Engineer Department completed the specifications for the cantonments, and until those gentlemen had time to figure those specifications and the quantities of material necessary and deliver all those materials on the ground; that if we waited for those things to be done it was going to be absolutely impossible to get the cantonments well under way before winter. That would make it impossible for the General Staff to call the troops, or else they would have to call troops and the boys would have frozen to death in the camps. That was what was stated to us by everybody who assumed to have an opinion at the time.

However, under that pressure all the time, I felt, and I stated frequently, that we must not be so carried off our feet as to press forward with those things without adhering as closely as we could to those methods and safeguards that experience in peace time had shown to us were necessary for the maintenance of the proper equilibrium in the country and the protection of the Treasury of the United States. In other words, I believe, so far as we could, that the acceptance of bids and the straight-price method was a desirable method; but where that could not obtain, and if they could and had a cost-plus contract, they ought to make a cost-plus contract by which the contractor should share any loss relative to the estimate which he submitted and share any profits if he saved money below the estimate agreed upon between the department and himself; that that was desirable; and that the cost-plus method was really the last resort and because the Government could do nothing better. Even then I think it was possible to administer the cost-plus contracts in such a manner as to protect the Government against most things, except the

surplus labor on the job, and as to that, due to the inability of foremen and contractors to force from their men—or perhaps their unwillingness to force from their men—that amount of labor which comes in for peace work and where the individual is interested. In other words, as you gentlemen stated on yesterday, individual interest is, after all, one of the best safeguards you can have in any work (pp. 1000–1001).

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My recollection of it is that it came to be the opinion—and I think it will be found in the record, the unanimous opinion—of all the officers who were performing that work that there was no method that could be followed except the cost-plus method. They centered their attention, then, on a discussion of the form of the contract, and the various elements in that form were discussed a number of times in the committee, and I believe that I personally mentioned them several times to the committee. My recollection is that the contract once came to the committee and was, I believe, approved by the committee for transmittal to the Quartermaster's Department; and that I, individually, as chairman, being the channel of transmittal in many cases, either personally or by messenger through me, held the contract in order to go back again to the committee with something I had in mind, which I believe was a limitation of the fee which the contractor could receive. As I recall, I felt that quite important, and that the doors should not be open at the top (p. 1001).

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Eventually, the contract as drawn by the Committee on Emergency Construction in cooperation with the gentleman who was at the head of the legal department of the General Munitions Board, Mr. Bulkley, and with the gentleman who represented the Judge Advocate General, Gen. Crowder—the contract as so worked out was presented to the Quartermaster General or his representative, and the Secretary of War, gone over with those gentlemen, and at last finally approved by the General Munitions Board as to the form that should be used (p. 1002).

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The Secretary of War was never present when the form of contract was discussed, according to my recollection, at a committee meeting (p. 1002).

(Extract from report, General Munitions Board, Apr. 25, 1917, p. 1002–1003:)

Report of committee on method of determining cost. Mr. Scott presented a memorandum drawn by the committee appointed on the method of determining cost and method of payment, outlining the committee's ideas as to the determination of prices, as follows:

"That whenever experience or public or competitive quotations make it possible for the department to be assured of the reasonableness of the price a straight-price method is to be preferred. In certain cases where a flat price can not be agreed upon it is suggested that cost-plus percentage basis be followed, the method of figuring cost to be the one laid down in the present law providing for the payment of a munitions tax."

Mr. SCOTT. May I emphasize that point right here, because I think that very significant to your committee? My thought was that the Congress had studied the question of what constituted cost and had

presented its studies in the form set forth in that act, and that it was entirely unnecessary for anybody else to suggest a form of cost figuring when the Congress had already settled the matter. Therefore I included that.

Mr. McKenzie. Continuing to quote:

In cases where it is desirable to use the cost-plus percentage basis but where the Government and the contractor are already aware of a fair average cost for producing the article the method will be cost-plus percentage, providing that if the cost falls below the average amount prescribed the contractor shall receive half of the saving. If the cost price is above the amount prescribed, half the excess will be deducted from the contractor's percentage.

Then it goes on to say:

After some discussion it was moved that specific contracts based on the reports be drawn after legal and statistical advice had been received and presented for consideration.

That was my view, and the view of the General Munitions Board at the time.

My impression is that the emergency construction contract was presented May 12, and that the form was approved by the committee (p. 1003), and I think I went over it thereafter myself, and then brought it back to the committee, changing the amount of compensation by reducing the limit of compensation (p. 1004).

The minutes of July 17, 1917, General Munitions Board state:

It was emphasized by the chairman that all agreed that whenever possible, contracts should be based on a flat price. If this is impossible, they should fix a cost-plus clause giving the maximum and minimum profit.

Those were my views at the time. We had a discussion of the contracts and a number of conferences on the subject. My impression is that we invited those officers who would be interested, and who were not members of the board, and also such civilians, if there were any available. I think I am correct in saying that the unanimous opinion at the time was that the emergency called for the cost-plus contract method (p. 1005). However, there was difference of opinion as to the form as it related to safeguards, which continued up to the last meeting. Others, as well as myself, frankly expressed their views, perhaps wiser than mine, which apparently do not show in the record. Gen. Goethals, I remember, burned on my mind the gravity of the situation we faced, saying it was a bigger job than the Panama Canal (p. 1006). At the conferences, one purpose was to get before the minds of the officers of the Army, who were on the Munitions Board, the size of the task which they confronted, in an endeavor to construct 32 cities in four months (pp. 1006, 1007), and the problems to be encountered, the size of the site, the topographical features, with such problems as grading, drainage system, sewage disposal, water supply, details, but important details (p. 1007).

The expressions from the men, the engineers, and builders, who were either there as members of the board or its committees, or who were called in, were all to the effect that it was hopeless to wait until detailed specifications could be produced and competitive figures taken, that that alone would take almost as much time as usually allotted to the construction of the cantonments.

Mr. McCulloch. In that connection, was it pointed out to the conference that since 1914 the Quartermaster's Department had detailed

specifications of every building that would be necessary, together with all the various specifications that would be required for sanitation and otherwise, with the exception of two-story barracks? All that had been gone over and was in readiness for immediate utilization and in any 24 hours they could have furnished anybody who was to proceed with this work everything that was necessary in the way of plans and specifications for the simple shelter buildings that were necessary in the construction of these cantonments.

Mr. SCOTT. No; that was not pointed out, and my information is that it is not so (pp. 1007, 1008).

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They did have the plans, that they had gone into it in detail, that they had been giving it consideration since 1914, if they did have it, then your committee either was not advised or proceeded upon a wrong conclusion, because you say, and it is one of the strong arguments here used, that it did not have these plans, it would take time to do it and that time was of the essence of it.

Time was of the essence, and you could not have specifications covering a water system when you do not know the site of it, where you are going to construct the system; you could not have specifications covering the sewer system when you did not know the topography of the land; you could not have specifications covering barracks when you do not know the size of the house, the specifications covering the cubic space per man if the Surgeon General has to pass on it, and he has not yet passed on it, and I was present at a conference long after when the Surgeon General rendered a decision changing the whole specification (p. 1008).

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Mr. SCOTT. I have the very finest evidence, and the specifications covering location of barracks, and so forth, the General Staff had not told us. For instance, take the camp at Yaphank, Long Island. When that site was decided upon, that was covered with second-growth oak, with rock that had to be blasted with dynamite. How could the Quartermaster's Department make specifications?

Mr. MCCULLOCH. I said they had specifications and plans and were able to furnish them overnight, they claimed, for the buildings necessary to shelter these troops, very simple buildings. They had their engineering corps, and you have very well said here to-day these men had years of experience and it was their business to look forward to this.

Mr. SCOTT. Yes, sir.

Mr. MCCULLOCH. And probably they had the matter of shelter in mind as well as some other things.

Mr. SCOTT. Yes, sir.

Mr. MCCULLOCH. They claim they did have it, according to my information, and claim they would be able to show they would have been able to furnish the plans and specifications overnight and had their engineers to do it, and to me it seems like a very plausible statement. Now, if that is true, your committee did not know it and you proceeded, then, upon the system or upon the view that it would mean delay in the construction of these camps because of the lack of specifications. Is that correct?

Mr. SCOTT. It is absolutely correct that the specifications did not exist, and they could not exist under the conditions that I have outlined to you. It would be no fault of the Quartermaster's Departmen in grading the land when they did not know what piece of land they were talking about, or putting in a drainage system when they did not know whether they would cut through clay or some other kind of soil.

Mr. MCCULLOCH. How about shelter?

Mr. SCOTT. Shelter was the least of the whole situation.

Mr. MCCULLOCH. Did you have the plans and specifications as to the shelter requirements?

Mr. SCOTT. There was the specification as to shelter house which had to be revised and which was revised, and data is already available before you to show it was revised in the interest of cheapening the building, to work into the building types of lumber that would be less expensive than those which the specifications required (pp. 1008–1009).

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Mr. SCOTT. The man who impressed me most as to the size of the task that confronted us was Gen. Goethals, because of his tremendous experience.

Mr. MCCULLOCH. His experience was really tremendous, was it; it had been tremendous? (P. 1009.)

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Mr. SCOTT. I regarded Gen. Goethals as the foremost engineer of our country, whose opinion on the subject of an engineering task was more entitled to consideration than any other engineer of my time. I would have felt not only that was my opinion but that the opinion was well sustained by the general's accomplishments (p. 1009).

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There was a difference in opinion between the Army and Navy men. Of course, you gentlemen will have in mind the difference between cost-plus contract on a ship and cost plus on a piece of combined topographical building and engineering work (p. 1012).

(Extract from final report of Col. W. A. Starrett, chairman emergency construction committee, dated Dec. 31, 1918, p. 1013:)

It should be here recorded that when the deliberations were about finished and the contract was near its final part, the emergency construction committee was surprised to receive word from the Navy Department that it did not acquiesce in the recommendations about to be made. Admiral Harris, then in charge of the Bureau of Yards and Docks, sent a note to Mr. Scott, stating he regarded the proposed contract as inadequate, and since his representative had contributed much to the deliberations, and further, since he had made no suggestion as to where the loopholes occurred, his comment could not be regarded as constructive criticism. On or about June 1, 1917, the General Munitions Board accepted the final draft of the contract as prepared by the emergency committee and recommended its use by the emergency committees.

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(Extract from testimony of Gen. Goethals, originally given before the Select Committee on Expenditures in the War Department, in Serial 1, Part 6, p. 554:)

Mr. MCCULLOCH. It might be; I do not know about that, General.

Gen. GOETHALS. When the question of cantonments came up they had quite a discussion, and Mr. Scott asked me if I would not attend the hearings that were to be held and the discussion of the subject. The whole uncertainty of

the proposition was outlined there. They did not have the plans. It was necessary to begin work at once. These various sites throughout the country were to be cleared and prepared for cantonments. I attended the discussion and advocated at that time that there were plenty of construction engineers in the country who could be secured who would handle building propositions to a great extent, and if they would select competent men and draft them into the service, and send one man and put him actually in charge of the work there, it would not be necessary to wait for plans or anything else; they could begin construction at once, and not employ contractors under any circumstances, in view of the situation as outlined there. And I still believe that was the method to have followed.

Mr. McCULLOCH. Then, you were opposed to the method that was followed of entering into these cost-plus contracts?

Gen. GOETHALS. Cost-plus percentage contracts? I have always been opposed to them. It might have cost the Government a little more to do it by force, but there could never have been any criticism if they had proper men and put one in charge of each cantonment. The Government purchased the material and hired the labor.

Mr. McKENZIE. You were overruled in that meeting?

Gen. GOETHALS. I was not part of that meeting. I was just asked in to sit in at the meeting, and I just made that suggestion (p. 1014).

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How could it be done without employing contractors? The law delegated it to quartermasters, and quartermasters delegated it to some one else (p. 1005).

Mr. SCOTT. Yes; I should like to say this, that in Gen. Goethal's objection to the cost-plus system, his general objection to the cost-plus system, I join. You have the evidence there that I always did join. I do yet. I regarded it as an evil, and when it was accepted it was a choice between two evils. It may be that it will be the opinion of this committee that the greater evil was chosen, rather than the less. It was my opinion at that time that what the people expected of those who were responsible was that if it came to a question in their judgment between dollars and American lives, they would choose to save the lives. That is what I was trying to call your attention to, the atmosphere of the meeting. The officers who were there facing the very grave responsibility whether they would have the cantonments ready by the time thousands of boys were turned over to them were of the opinion that they could not hope to do it by any other method than what they adopted. But, in general, I absolutely agree with Gen. Goethals. It is not a desirable way to do business. I do not like to do it that way (pp. 1005–1006).

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The form used in cantonment construction was first approved at the meeting of May 12, at which, from the record, the following were present (p. 1017): Admiral Capps, Mr. Weber, Col. Hodgson, Paymaster Hancock, Admiral Rousseau, Dr. Martin, Col. Fisher, Dr. Holcomb, Col. Dunn, Admiral Zane, Col. Blunt, Maj. Pierce, Commander Leigh, Gen. Aleshire, Maj. Wallace, Mr. Howe, Mr. Scott, Mr. H. P. Bingham, assistant secretary.

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My recollection is that their action was unanimous. It was my memory that it was intended to be the final draft, but as stated, I took it away and discussed the question of compensation with Mr. Bulkley (pp. 1017–1018). On June 1 it was finally formally approved. At that meeting the record shows the following persons: Gen. Aleshire, Col. Hodgson, Col. Littell, Col. Blunt, Maj. Pierce,

Paymaster Hancock, Mr. Coffin, Mr. Somers, Dr. Snow, Mr. Bulkley, Mr. Sager, Mr. F. A. Scott (presiding), Mr. H. P. Ingels, acting secretary.

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My recollection is that the action of the committee then was unanimous. I desire to call the attention of the committee to the fact that the relationship which the General Munitions Board had to the contract was that indicated by these records merely. I do not want to emphasize that because that would look as if I were trying to pass responsibility, but it was an advisory capacity. It was not the duty of our board to administer these contracts or to make the contracts. Col. Littell came to my office a number of times, conferring with me as to the relationship of his accounting department to the construction department, etc. (p. 1018).

M. C. TUTTLE, general contractor, Boston, Mass. (Pp. 1030–1035):

Was member emergency construction committee. Was subpœnaed to produce construction contracts of his concern, amounting to more than $500,000, since January, 1915. These were produced.

(Extracts printed elsewhere in the record.)

Witness also identified Exhibit M. C. T. 1.

(Extracts from M. T. C. Exhibit 1, pp. 1031–1035:)

To: The Council of National Defense.

From: The Committee on Emergency Construction of Buildings and Emergency Works.

The following is, in some particulars, an amplification of some of the details covered in the report of the Committee on Emergency Construction of Buildings and Engineering Works. There is no attempt to discuss the facts relating to convention lump-sum contracts and the particular matters under consideration are those relating to emergency Government work.

The object of letting an emergency contract is primarily the obtaining of the completed structure or work at an earlier date than it could be obtained by following other courses of procedure. It is clearly understood that reversing the usual consideration, price becames secondary to speed, and contracts for emergency work should be drawn up with that fact constantly in mind. Certain safeguards can be applied to the principal items of expense, but for many items reliance will have to be placed in the ability and honor of the contractor engaged upon the work. Accordingly, for this type of contract particular pains should be devoted to the selection of a contracting organization properly equipped and experienced in handling work of the magnitude of the work in hand.

Remembering that the work under discussion if of an emergency nature—that is, work which is imperatively needed at a given time—it is clear to see that the selection of the contractor is of very much greater importance to the Government than is the selection of a contractor under normal conditions. Here the question of price becomes secondary to the question of the ability of the contractor to deliver a workable structure in the necessary time, and instead of looking for price competition, the contracting officer must look at the ability of the concerns he is considering. If the work is to be completed in the shortest possible time and the most economically, it must be given to a firm which is equipped financially and by experience to handle work of the magnitude of that under consideration.

No significance can be attached to a preliminary bid on which a contractor has no financial responsibility. It offers an opportunity for the less scrupulous to make the most favorable showing and tends automatically to select the least desirable. It is difficult to overemphasize the necessity of selecting on reputation and experience rather than on any price considerations.

In order to understand the contractor's attitude toward payments, a brief statement of the financing of construction work may be worth considering. In general commercial practice a firm handling all day-work contracts with reason-

able prompt payments can, without borrowing, put through a volume of business equal to eight times its capital in the course of a year. With this rapid turnover, the question of promptness of collection becomes a very important one. There is a very considerable amount of saving that can be made on purchases by taking cash discounts, usually within 10 days. It is wasteful not to take these discounts, but in order to get the benefit of these the Government's payments must be made promptly enough so that the contractor does not lose in interest charges.

With the opportunity to turn his money as frequently as indicated above, the contractor can make a very good income on a comparatively small percentage of profit. Contracting firm's overhead expenses run roughly between 2 and 5 per cent of the volume of their business on an efficiently run business. It is our opinion that on a contract of over $100,000, involving at least 50 per cent of materials and subcontracts, with prompt payments by the Government, 8 per cent is an adequate profit.

Assume an overhead as high as 4 per cent; this would leave a clear profit of 4 per cent to the contractor who, on a $500,000 capital, should handle at least $4,000,000. Four per cent of $4,000,000 is equal to $160,000, which is apparently an adequate return on the capital invested, considering the freedom from risk. Contracts involving no liability as to cost and no expense on financing certainly should not carry as high a profit as lump-sum bids, profit on which must carry the contingent liability as well as the overhead.

Contracts below $100,000 may very well carry a profit as high as 10 per cent.

More profit should be paid on contracts involving large percentages of labor and small percentages of material subcontracts.

If it is remembered that the early date of completion is the primary reason which governs the letting of a percentage contract, it will be seen that any provisions which disassociate the interest of the contractor with that of the Government are harmful. It is assumed that this type of contract will not be used by the Government except in cases where a real emergency exists and there is a real need of the building or engineering works contracted for. These buildings or works should be built in the quickest time possible and they should be of the quality required by the Government. The contractor's efforts should be bent toward these two ends; next in importance to these considerations comes the matter of price.

Accordingly, it seems to us that the inclusion of a clause which provides that a contractor shall have a percentage of the saving made on an agreed amount tends to defeat the two primary objects of the contract, assuming that speed and quality tend toward extra expense. It seems to us clearly better to rely on the cooperation of the contractor and the engineer for economics rather than putting extra emphasis on the cost feature to carry out proper directions given.

It is suggested that the contracting officer can ask the firms under consideration to furnish him a sworn statement of each and every operation handled by each firm during the course of the past two years, such list to give a brief description of the work on each job, the size of each job, and the name of the firm or individual for whom the work was done. From such a list the contracting officer can communicate with a sufficient number of that firm's customers to assure himself that the work has not only been done, but done satisfactorily and honorably. He should particularly concern himself with the speed at which these works were carried on. If desired, a sworn statement of the value of the contractor's equipment could be asked for and will in many cases aid in determining his availability for the work under consideration.

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The payment for plant should be at the current rates of rental which can be established in a given locality by application to one or two of the large contracting firms who will furnish the rates at which they rent their plant. Special plant not owned by the contractor should be furnished at the market rental rates for plant carried by concerns who make a business of renting plant. Freight and transportation should be allowed on this.

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If a competent contracting firm is selected for handling the operation, as far as possible all matters relating to the conduct of the contract should be placed in its hands. The scheduling, buying, and securing of delivery of the various parts of the contract in such a way as to insure the steady employment of the forces engaged upon the work is a somewhat complicated matter and one which can not be carried out successfully without central control.

Contracts on which the Government buys part of the material which is to be incorporated in the job should be discouraged for the reason that the control of all the elements of the job must be centered at a single point or else confusion and delay is likely to result. For any items which the Government must buy, the contractor should furnish a schedule of the times of delivery and the Government should make every effort to have the supplies delivered at the time specified.

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It is our opinion that the same profit should be paid for subcontracts that are paid for the work handled by the contractor for the reason that if a higher rate is paid for the work handled by the contractor he will be tempted to hire men and equipment and attempt to handle subcontracts himself which had better be sublet to those especially skilled in that work.

In order to carry on the work expeditiously it is well to allow the contractor to make purchases without special authority up to a specified amount, if such purchases are necessary for the prompt conduct of the work, and it is inadvisable for emergency work to require the contractor to go into the market for extensive bids on small purchases. It should be assumed that the contracting officer and the contractor know the current prices of ordinary articles and that the approval of the contracting officer should be sufficient evidence that the price is reasonable.

Overhead charges consist of the expenses for carrying on the general business of the contracting firm's general business being used in distinction to the operation on the jobs controlled by the job superintendent. Overhead includes items, such as the rental of the home office, salaries of the company's executive and clerical forces, advertising, postage, and all such items of expense of that office. It is the general custom of the contracting trade to absorb these charges from the job profits, and overhead charges are never considered by contracting firms as part of the cost of the work, the practice in the building trade being different from the practice in factory operation.

There should be provided in each contract a cancellation clause providing that the contract can be terminated at will on very short notice, such provision being only reasonable where the work is of an emergency nature. It should not be permissible that a contractor who is not acting efficiently should remain on emergency work. Such a cancellation clause should provide that tools, equipment, facilities of all sorts, and such men as are willing should remain upon the work and that the contractor should be relieved of the operation of the job, his payment to be made to the date of his removal from the work.

In carrying on a percentage contract, the principal opportunity for making low costs will come through the cooperation of the engineer and the contractor. The interests of the engineer are in the early completion of the work, and to this end he should cooperate in removing all difficulties and in simplifying all details that it is possible for him to simplify on the work. As the engineer's and contractor's interests are similar, there should be an opportunity for the exchange of ideas in all matters affecting the progress, quality, or cost of the work, and to this end the engineer should understand the contractor's problems of labor, transportation, and purchase, as well as the problems which directly concern the conduct of the job.

DANIEL WILLARD, president, Baltimore & Ohio Railroad Co. (pp. 1035–1037):

Have been president B. & O. for 10 years. Was chairman of the Advisory Commission, Council of National Defense from March, 1917, to the fall of 1918; chairman of the War Industries Board for two or three months in fall and winter of 1917 and 1918. I do not know whether or not the emergency construction committee was a subcommittee of the General Munitions Board. I did not sit on the General Munitions Board. I have no recollection that the form of contract finally adopted for the construction of cantonments was never submitted to me for criticism or of ever reading it. I have never seen one of them. It has not been my practice to employ such form in my business in the Baltimore & Ohio Railroad. Our

general plan was to make definite unit price contracts with contractors for all work that we had done.

There were occasions, however, when we departed from that practice, sometimes with reference to comparatively small jobs that were so much related to the movement of trains that the running of the trains would interfere with the progress of the work; and that was always an unknown quantity. The work had to stop and wait when trains went by. Contractors, of course, were unable to place any value upon an interruption of that kind, and in connection with work of that character we found it necessary frequently to make contracts somewhat of the character of the cost plus. We did not always refer to them on that basis, but it was the same general character.

ROBERT J. BULKLEY, attorney, Cleveland, Ohio (pp. 1037–1056):

Formerly Member of Congress. Came to Washington to work with the General Munitions Board as head of the legal staff, at the request of Mr. Scott, chairman of the General Munitions Board, about April 25, 1917. Proceeded to organize legal staff. The cantonment construction contract under discussion was one of the first things that we gave attention to, and one of the most important.

About the 1st of May, 1917, Mr. Bolton, afterwards Col. Bolton, who was then acting secretary to Mr. Scott, came in and told me that Mr. Scott wanted me to confer with a newly appointed emergency construction committee about the draft of a contract for cantonment construction. I met shortly thereafter with Mr. Starrett, afterwards Col. Starrett, and the other members of the committee. Do you want me to go on about the development?

Mr. MCCULLOCH. I want you to tell us all about that early history. You probably know as much about it as anyone.

Mr. BULKLEY. Well, we had, in the first place, several conferences between the members of the emergency construction committee and the members of my committee, and we went over some crude drafts which Mr. Lundoff had presented, based, I think, on some construction contracts that he had had in his business as a builder. Then we arranged to meet with representatives of all the bureaus in the War Department and the Navy Department who might be interested in construction, with a view to getting their suggestions and developing a contract which could be made standard for all emergency construction, both in the Army and Navy.

We had two or three such general meetings, attended by representatives of both departments, as well as representatives of the two committees of the General Munitions Board. At those meetings there were also representatives of the Judge Advocate General and of the Solicitor for the Navy. Subsequently we had the forms of contracts reviewed by the expert accountants.

I perhaps ought to explain this, that my attention was distracted a great many times, because, as chairman of the committee, every new thing that came into the office had to have my attention, and I asked Saeger and Wahle to give their undivided time and thought to this, so that they could concentrate on it, and for some time I left the working out of the wording of this, after the principles had been established, entirely to them. That, I think, would account for the fact that none of my handwriting appears on it. I was not in on

many of the conferences that they had with the construction committee and with contractors and bidders.

Mr. McCulloch. They did the work, then, in connection with it?

Mr. Bulkley. They did all of the framing of the contract, so far as the language is concerned, and a great deal of the substance (p. 1040).

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Mr. Bulkley. Well, the emergency construction committee was a coordinate body, and we were working together on the thing. I made whatever reports were to be made to the General Munitions Board, and on the occasion of at least one of the meetings of the members of the board with the representatives of the Army and Navy I was called upon to preside. I think that is the substance of what I had to do with it.

Mr. McCulloch. Now, during the discussions while you were presiding, was the question of safeguards in this contract considered and discussed?

Mr. Bulkley. Oh, yes; very fully.

Mr. McCulloch. What was the discussion about safeguards, as you remember it?

Mr. Bulkley. There was a great deal of discussion on this very issue that we have been discussing here; namely, the question of the form of the contract, as to whether it would be possible to let a fixed-price contract, or whether it would be necessary to have a cost-plus contract (p. 1041).

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Mr. McCulloch. Will you tell us about that conversation? What attitude you assumed and what attitude Col. Starrett assumed about it?

Mr. Bulkley. My attitude was influenced by what Mr. Scott had asked me to do with respect to the rifle contract. He said that he thought it would be feasible to have an estimated cost with an opportunity for the contractor to make more money if he could make a saving below the estimated basis cost; and he asked me to cooperate with Gen. Drane, whom I saw here this morning, in conferences with the rifle manufacturers, to try to get that into the rifle contract. We got two out of the three principal manufacturers to agree to it one day, in the absence of the third, but when the third man came back he upset it all, and the first two thought they ought to stand by him, and they relied on what they said was a promise from the Ordnance Department, that they had already agreed upon the terms of the contract. So we were overruled on that.

Mr. McCulloch. As to this conversation——

Mr. Bulkley (interposing). So when I was instructed to take this up with Mr. Starrett, I tried to carry out the same idea. Mr. Starrett, however, contended that the conditions were so far unknown as to make it impracticable to arrive at a basis cost, because the sites had not been selected and the conditions would be so different in the different sites that no man could say what would be a fair fee or what would be a fair estimate of cost of a cantonment.

Mr. McCulloch. You say the conversation became somewhat heated. Can you give us a picture of that, so that we can understand what you mean by that statement?

Mr. BULKLEY. For some time I was unwilling to join him in recommending a contract that was on a basis of cost plus a percentage of cost, and I felt that at one time he thought that I was take the position of an obstructionist, and I told him that I didn't want to obstruct the work and that we had better take the matter up to Mr. Scott; and Mr. Scott told me that I was right in theory, but as a practical proposition, I was wrong and that it would not be possible to make a fair guess about the cost of those cantonments. After that I cooperated to the best of my ability in working out the contract along the lines suggested.

Mr. MCCULLOCH. But it was your original view that there should be that safeguard in the contract?

Mr. BULKLEY. Yes; that was my view, and that view was carried out afterwards, in the contracts for fabricated ships, in which I was associated with Admiral Capps, over in the Emergency Fleet Corporation.

Mr. MCCULLOCH. But not in the contracts for camps and cantonments?

Mr. BULKLEY. Not in this contract. And I ought to say in fairness that afterwards I became satisfied that it would have been impractical to make a proper guess, because all the guesses they did make were so bad that I am sure it would not have been possible to make an accurate guess.

Mr. MCCULLOCH. So that you were wrong in the beginning?

Mr. BULKLEY. I think I was wrong; yes, sir. Not theoretically; I think I was right theoretically, but as a practical proposition, I think I was wrong.

Mr. MCCULLOCH. When did you become converted to the view of Mr. Starrett?

Mr. BULKLEY. When Mr. Scott told me so. I took his word for it. He was a practical man, and I was not.

Mr. MCCULLOCH. Was it Scott or Starrett?

Mr. BULKLEY. They both took the same view, but when I learned it was Scott's view, I decided that I must be wrong.

Mr. MCCULLOCH. It was not from any knowledge of your own, but your acceptance of their knowledge?

Mr. BULKLEY. Yes, sir.

Mr. MCCULLOCH. That convinced you?

Mr. BULKLEY. Yes, sir.

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Mr. MCCULLOCH. I wish you would tell the committee what the discussion was in regard to maximum cost.

Mr. BULKLEY. As to limiting the maximum cost of work?

Mr. MCCULLOCH. As to maximum cost and bonus for savings.

Mr. BULKLEY. Well, I remember very early, before we had the general meetings with the representatives of the bureaus, having an argument with Mr. Starrett, which became most heated, on the question of whether we had to pay cost plus a percentage of cost, or whether some plan could be worked out by which an estimated fee might be given with a bonus to the contractor if he made a saving under the estimated cost (pp. 1041–1043).

Mr. MCCULLOCH. Of course, if you know that to be a fact, you know what the discussion was about it. Will you tell us what they wanted and what the discussion was generally about the fees?

Mr. BULKLEY. Of course, I did not come directly in touch with anybody that was expecting to get a contract. I talked with Mr. Starrett, Mr. Lundoff, and Mr. Tuttle, but they were representing the Government and not the contractors. They did, however, speak as experienced men in the building business, and expressed their views as to what would be conceded reasonable fees.

Mr. McCULLOCH. What I wanted to get at was what was the original claim as to fees? You say they were much higher; I would like to get the maximum that was talked about and the various stages by which you succeeded—or somebody succeeded—in bringing it down to 10 per cent.

Mr. BULKLEY. Well, it was brought down much below 10 per cent. Ten per cent was the maximum that was talked about, as I recall it, and I don't know that I could detail the stages, but I do know that it was brought down from time to time.

Mr. McCULLOCH. Was consideration given at any time to Gen. Goethals's suggestion that this work should proceed under the direction of the construction engineers, rather than under the direction of contractors who were to receive a fee for their supervision?

Mr. BULKLEY. I don't recall any such discussion, and Gen. Goethals's statement, as you read it to-day, surprised me very much. I don't recall of his ever being quoted as saying any such thing as that at the time.

Mr. McCULLOCH. But you were never present at any of the meetings, you say?

Mr. BULKLEY. I did not ever talk to Gen. Goethals on this subject, but if he had made such a statement, it seems surprising to me that I did not hear of it at the time, and I am testifying now that I don't recall ever hearing such a thing at the time.

Mr. McCULLOCH. Of course, you don't mean, do you, Mr. Bulkley, to leave the inference that he didn't make the statement, if he swears that he did?

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Did you participate in any of the conferences when the question of fees to contractors was considered?

Mr. BULKLEY. I did to some extent, but those fees were agreed upon in the emergency construction committee. We really did not have anything to say about that.

Mr. McCULLOCH. So you were told what fee to put into the contract, or what fee had been agreed on, and you put it in legal form?

Mr. BULKLEY. Yes; and I would say that in the early part of the discussion fees were discussed a good deal higher than they finally got into the contract. By dint of objection on the part of several of the representatives of the bureaus of the Army and Navy, and further conversation with the contractors, the fees as finally placed in the contract were considerably reduced (p. 1044).

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Now, Mr. Bulkley, whatever may have been the fact about that, there was no discussion, as I understand you, of the advisability of having construction engineers handle these building projects instead of paying a fee to contractors?

Mr. BUCKLEY. I would say that that was not seriously considered.

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Mr. McCulloch. What discussion was there as to what the contractor should furnish for the fee?

Mr. Buckley. I can't say that I recall that very cleary. I think that there had been many cost-plus contracts let in private business and that this followed the same general lines.

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Mr. McCulloch. Was there anything said in regard to the contractor furnishing overhead expenses?

Mr. Buckley. Yes; he furnished that under this contract.

Mr. McCulloch. I wish you would point it out in there if you can.

Mr. Buckley. I think I can in a few moments. (P. 1045.).

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Mr. Bulkley. Well, I think that it would be fair to talk to people in the contracting business about that point. It was represented to us that there were large office expenses that are not included in here, and I think that any practical construction man can explain that to you better than I can. I certainly don't know all about that.

Mr. McCulloch. You leave that, then, to their interpretation?

Mr. Buckley. Yes; with the assertion that it was explained to us that there were very large home-office expenses, and, further, that this scale of fees is lower than the ordinary fees in private business—than had ordinarly been customary in private cost-plus contracts.

Mr. McCulloch. Well, of course, that would depend upon what the contractor furnished. If he furnished all of his small tools and all of the superintendents and his resident engineers and his timekeepers and his foremen——

Mr. Bulkley (interposing). What I meant was that the percentage was stated to be lower than was ordinarily the fact in private contracts.

Mr. McCulloch. Of course, you being a lawyer and charged with the responsibility, in this instance, of drawing language that would effectuate the purpose and the policy of your employer, which was the bureau, you should know—and, of course, I assume that you do know—the effect of that language. Now, as I understand it—maybe I am wrong—if I am I hope you will correct me—my understanding is that this contract, as drawn and as finally operated, in effect, gave the contractor a fee for his own personal supervision; that he was able to and did place upon the pay roll and made a part of the cost, which was paid by the Government, every overhead expense that he would ordinarily be required to pay.

Mr. Bulkley. No, sir; as I have stated, I did not so understand it and do not now.

Mr. McCulloch. If you did not so understand it, and that was not your intention, will you point out what you did expect him to pay, and what you understood he would pay and furnish under the terms of the contract which you prepared (p. 1046)?

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Mr. McCulloch. I gather from a letter that has just been brought to my attention, which was printed in a report of the Construction Division of the War Department, entitled "Report of the Chief of the Construction Division to the Secretary of War, 1918," that probably those were the representations to you. I don't mean to say

that that is contradicting—I don't want to imply for a moment that I question your statement, but I think that is confirmed by the record, that the view probably of your legal department, and maybe some of the members of the committee, was that there was a very large overhead expense.

Mr. BULKLEY. It was. I don't want you to understand that it was not detailed at the time; it was, but over a period of two and a half years, with so many things intervening, I don't presume to remember enough of it to explain it to your committee now.

Mr. MCCULLOCH. In this report, on pages 9 and 10, it says:

The prevailing conditions are best shown in a letter from the committee on emergency construction, dated May 31, 1917, which is quoted here as follows:

The entire letter is printed in the report on pages 10 and 11. Paragraph 4 reads:

The Government is in effect hiring a contracting organization to spend the Government's money as wisely as may be in order to build these cantonments. The contractor receives $7 for spending $100 of the Government's money. The essence of the problem of selecting the builder is to find one who will get as much cantonment for the $100 as it is possible to get under the given circumstances.

Paragraph 9 of that letter states:

The lowest overhead expense which has reached our attention is that of a company doing upwards of $30,000,000 worth of work a year. This firm has an overhead charge of almost exactly 2 per cent, and has cleared for the past two years, above this fixed charge, 6 per cent net on its entire business. Overhead expenses run as high as 5½ per cent, and average possibly 3½ per cent. Accepting this figure, you will see that at 7 per cent the contractor would net 3½ per cent as profit on his work, or $35,000 on each $1,000,000 of business done.

Paragraph 10 is added evidently with a view to make it appear sure that all the overhead is included. Paragraph 10 reads:

It is to be remembered that the Government is making contracts running into the million dollars with the shipbuilders, the gunmakers, and other trades on which 10 per cent net is paid after allowing the overhead charges as part of the cost. That is, the Government is knowingly allowing 10 per cent net on contracts of that sort, and surely on its own scale a net of 3½ per cent can not be considered exorbitant.

Do you remember anything about those representations?

Mr. BULKLEY. That is substantially as it was represented (p. 1047).

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I am talking about the legal phases of this contract, and I want to call your attention to this fact, that if you desired to safeguard it, you could have made a provision in there probably—and I am just making this as a suggestion—you could have put a provision in there that the contractor was to pay the subcontractor's fee, or that the contractor was to carry the cantonment through for that fee, clear to its final completion.

Mr. BULKLEY. That would not have accomplished the purpose that we wanted. If it is to the interest of the Government that the subcontract should be let, we don't want to have it contrary to the interests of the contractor.

Mr. MCCULLOCH. Was it to the interest of the Government? That is the point I am trying to make. You threw the door open in this contract, and so far as any legal setbacks were concerned, there were

none there, except the provision that you have referred to, which put the contractor on good faith. There was nothing binding about it.

Mr. BULKLEY. Let me go back to explain that situation. What was the interest of the United States with respect to this whole contract? The first interest was that the cantonments should be built on time; the second was that they should be built right. The question of what the cost was could not be ranked any higher than a third consideration, by any possibility.

Now, we wanted the contractor to be in such a position that it would be to his best interest to accomplish the thing that the Government was most anxious to have accomplished, namely, to get the cantonments done on time and get them done right. If the contractor was obliged to pay personally for the subcontractor's fee, it would then become to his interest not to have any subcontractors at all, and to go and hire labor to do the work himself, which might result in very serious delays, and in added costs. Now, what we wanted was to have the contractor in a neutral position about that in respect to his own fee, so that it would be to his interest neither to boost subcontracts nor to stop them, but to make subcontracts in such cases where it was to the advantage of the job to make it; and we provided the check that the contracting officer must in all cases approve of that, and I believed then, and I still believe, that the check that we provided was correct, was sufficient, and that any further check would not have served the interests of the United States, but would have possibly been very detrimental to the early completion of the work. (p. 1049).

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Mr. BULKLEY. Of course that had nothing to do with the form of the contract; that was a matter of administration afterwards that I don't know anything about.

Mr. MCCULLOCH. But I want to call your attention to the fact that it seems to me it had all to do with the form of the contract. If you had put a provision in this contract that the contractor was to see the work through to the finish for the maximum fee, instead of leaving it open so that he could see it through to the maximum fee and then quit, or evade it not only by additional contracts upon a single camp, but by subcontracts to any amount he saw fit—if that safeguard had been put into this contract, then we would have had a different story to tell here.

Mr. BULKLEY. I think perhaps I don't quite understand you on that. The contract does say that he shall see the work through for the maximum fee, and that the fee under this contract shall not exceed a fixed amount which is stated in the contract. It does say that very thing, but that doesn't prevent the construction division in cases where they think it is fair that a man should have some more money, to evade the intent of the contract by letting him another contract. I don't mean to say that, by way of criticism of the construction division when they did that, because they probably had sufficient reasons of their own, but the very thing that you have suggested is in the contract twice (p. 1050).

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The intent was that that should describe the work of completing the cantonment.

Mr. McCulloch. Yes; that they were to complete the cantonment. That was your understanding?

Mr. Bulkley. Certainly.

Mr. McCulloch. Now, if it turned out that they did not complete the cantonment, that they evaded it, as Gen. Marshall admitted in his testimony before this committee, on the Camp Benning project; if they could evade that provision of your contract by an additional contract and by subcontracts, then the effectiveness of your language has been lost, if you intended that the contractor, for the fee not to exceed a maximum fee of $250,000, was to complete the cantonment?

Mr. Bulkley. Yes; but that is not the fault of the language in the contract.

Mr. McCulloch. I think it is entirely the fault of the language, because if you had put in the contract a specific provision that the cantonment was to be completed by that contractor for not to exceed the maximum fee, and that he could not enter into another contract and get another fee on the cantonment, you would have avoided the probability of this evasion having been accomplished (p. 1051).

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Mr. McCulloch. Did you examine at any time any cost-plus contracts that had been entered into by private concerns? Did you examine them for the purpose of getting information to assist you in the preparation of this contract?

Mr. Bulkley. Yes, sir; there were several there at the time.

Mr. McCulloch. What do you say as to whether or not those contracts contained safeguards, such as the bonus for time?

Mr. Bulkley. I think the time bonus was quite frequent. I think the time bonus was quite prevalent. I have explained to you the reason why we did not think it feasible in these contracts.

Mr. McCulloch. These other contracts did have it in?

Mr. Bulkley. I think quite generally they all had that in (p. 1052).

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Mr. McCulloch. In that memorandum you say that you have had frequent conferences with the legal department of the Judge Advocate General's office and with Col. Call?

Mr. Bulkley. With Mr. Call, afterwards Col. Call.

Mr. McCulloch. What was the nature of those conferences?

Mr. Bulkley. Well, we were discussing a great many of the phases of this contract. They were all conferences between lawyers as to how to work out certain objects that were desired to be accomplished by the contracts.

Mr. McCulloch. As to the language to be used or as to the policy of safeguards?

Mr. Bulkley. Not as much as to the policy, but rather as to compliance with Federal statutes. He had had a great deal more experience in that than we had.

Mr. McCulloch. I offer that letter in connection with the witness's testimony.

(The letter referred to was marked "R. J. B. No. 1," and is as follows:)

[R. J. B. No. 1.]

COUNCIL OF NATIONAL DEFENSE,
Washington, March 30, 1918.

Memorandum from: Legal Section.
For: Col. W. A. Starrett, chairman Committee on Emergency Construction.

During the preparation of the cantonment contract many conferences were held by members of the Legal Section with various officials and departments of the Government as to the legality and efficient operation of the contract. Replying specifically to the question contained in your memorandum of the 29th instant, we would say that the Judge Advocate General's office was frequently consulted with regard not only to the contract as a whole but to the legality of various details involved. We consulted Lieut. Col. Call many times as to details. From time to time he read over various drafts of the contract and he read over and approved the final draft of the same before it was presented to the General Munitions Board (pp. 1052–1053).

LEGAL SECTION.
By ROBERT J. BULKLEY.

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Mr. MCKENZIE. I want to ask you just one question, Mr. Bulkley. Of course we all assume that in time of war everybody is impelled by feeling of patriotism and the desire to serve his country, to serve his Government, and inasmuch as that has been injected into this, I want to ask you a question that has been propounded before; whether it would not have been possible to take these same gentlemen and give them a commission in the Military Establishment and send them out as officers in the Army, as majors or colonels, and have said to them: "Now, you hire your force, your contracting force," the Government fixing the price on materials, giving priority rights over the railroads, would have made it possible for the material to be placed at all these various camps and cantonments, and don't you believe that under a system of that kind you would have reached the same end, and just as speedily, and saved the Government many millions of dollars?

Mr. BULKLEY. No, sir; in my judgment, such a system as that would not have completed the cantonment that fall. The actual existence of engineering and construction forces in charge of these men was an element that enabled them to go to work immediately and without the slightest delay. To organize those forces along military lines would have been impossible in the time that was at their disposal.

Mr. MCKENZIE. Well, it is a fact, is it not, Mr. Bulkley—perhaps it has not come to your attention—that at that time there were very many of the large contracting concerns of the country whose forces were practically idle and whose services could have been procured; and the point I am getting at is, was it necessary, looking at it from the patriotic standpoint, to pay a man a fee of $250,000 to get him to give his individual services at a time such as we were passing through then?

Mr. BULKLEY. Well, Mr. Chairman, I don't think that anybody was paid $250,000 for individual services. If the committee would prefer to have it from me, I would like to have the opportunity to submit to you a memorandum of what is included in the $250,000, outside of personal services. I have stated that after this lapse of

time I can not sufficiently remember to state here now, but I am very confident that if you will ask the contractor, or if you will permit me to submit a memorandum afterwards, that cen be very adequately explained.

Mr. McKenzie. I certainly will be obliged to you if you will do that.

Mr. McCulloch. Now, if it turns out that a contractor received fees aggregating over half a million dollars for furnishing his personal services and a knowledge of where to get his organization—of course that goes with it—if it turns out that he received half a million dollars for that alone, what would you say about that fellow's patriotism?

Mr. Bulkley. I would say that he was making too much profit out of it, and I would be very much surprised if any such thing happened, and would say that it was entirely contrary to the intent of this contract and to the representations that were made by the building experts on whom we relied in the drafting of the contract.

Mr. McCulloch. That is all.

Mr. Bulkley. Mr. Chairman, if there are any other safeguards that the committee thinks ought to be discussed, I would like very much to have the opportunity of answering them, because I assume responsibility for the legal form of that contract.

Mr. McCulloch. You assume responsibility for the policy?

Mr. Bulkley. I think the policy was correct, but it was not for me to determine the policy.

Mr. McCulloch. Who did determine the policy? Just in a word?

Mr. Bulkley. I think the policy was determined finally by the Secretary of War, but as a result of the consensus of opinion of these experts that we have mentioned, Mr. Starrett, Mr. Tuttle, and Mr. Lundoff, together with the meetings of the representatives of the different bureaus in the War and Navy Departments, who were unanimously of the opinion that while the cost-plus contract has many defects that it was the only practical thing to do at that time. (Pp. 1054, 1055).

Charles F. Cowell, deputy city clerk, Cleveland, Ohio (p. 1056).

There were no cost-plus forms of contract entered into by the city of Cleveland during the years 1912, 1913, 1914, or 1915 (p. 1056).

F. L. Olmsted, landscape architect, Brookline, Mass. (pp. 1057–1074):

Became a member of the emergency construction committee about May 20, 1917. Remained until July 1918 (p. 1057).

Chief duties development of the plans, the general plans, engineering plans, utility plans, by counseling and helping find personnel for developing them.

Mr. McKekzie. Well, did you have anything to do with the preparation of the so-called emergency-construction contracts—the cost-plus contracts—or had that been prepared and adopted before you became a member of the board?

Mr. Olmsted. It had not been finally adopted when I became a member of the committee. I took part in one or two discussions on

it toward the latter part of May, but it was practically crystallized at the time I joined the committee, and most of my work—I was working 18 or 20 hours a day on the other end of the problem at that time, so that I did not take much part in its preparation personally (p. 1058).

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The scale of fees was reduced after I came on the committee in the autumn of 1917. One of the reasons for this was that we believed, after having had the experience in recommending contractors for the various contracts, that the Government could get the service at that reduced scale, and that it would be, in view of the services actually performed under the contract, more equitable. It was a revision of judgment on the basis of experience. It reduced the fee to the contractor at most points, if not all points, on the sliding scale (p. 1059).

The Housing Corporation worked under a lump-sum contract in 1918, and the method which was employed in most cases in letting contracts by the Housing Corporation, under a requirement of the act authorizing the expenditures, which required three competitive bidders on the contract, the method of direct lump-sum bidding being found impracticable without running the costs up excessively, the method that was used in a good many cases—I think in most cases—by the corporation was something like this: The contract was cost-plus a fixed fee, and the bidders bid on the amount of their fee, on the length of time in which they proposed to finish the work, and the equipment which they proposed to furnish and certain other items of that sort. They made a proposal on that basis, and those several items were given different weights, and the sum of those weights was used in figuring up the most favorable bid. But most of the work was actually done on a cost-plus, fixed fee basis, arrived at by that process of bidding (p. 1060).

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(Extract from page 581, report of the United States Housing Corporation, pp. 1060, 1061:)

In the event that the contractor, by reason of skill in executive management and organizing ability, shall reduce the total cost of the work below the estimated cost stated under page 2 hereof, then the contractor shall receive, in addition to the sum herein provided, a proportion of the savings thus effected equal to one-fourth of the amount of such savings. Such additional fee, however, not to exceed in amount one-half of the fee mentioned in G above; provided, however, that if the completion of the whole work is delayed beyond the completion date provided in this agreement, then the contractor shall not receive any such additional fee unless it can be clearly established to the satisfaction of the owner that said delay was due to conditions beyond the control of the contractor and not preventable by any action of the contractor; but all claims arising from such delay shall be made at the time such delay occurs.

In the event that the total cost exceeds the estimated cost, there shall be deducted from the contractor's fee one-fourth of the amount of such excess cost; such deduction, however, not to exceed in amount one-half of the contractor's fee stated in G above. If, however, the owner is satisfied that the excess cost over said estimate was due to no negligence or mismanagement on the part of the contrator, but the conditions later arising and beyond the power of control or of prevention by the contractor, the owner may remit said deduction or any part thereof.

Now, again, on page 520 I find the following paragraph:

All listing of materials and planning of the operation of the work shall be done by the contractor prior to the organization of the field forces, and shall

be submitted to the owner for approval. The expenses in connection with this and other initial work, however, shall be paid by the contractor; and for such expenses the contractor shall not be entitled to any reimbursement.

Mr. OLMSTED. Yes, sir.

Mr. MCKENZIE. Now, those were some of the saving clauses that you had inserted in the housing contract?

Mr. OLMSTED. Yes, sir.

Mr. MCKENZIE. Those were all left out of the so-called "cost-plus" contract that was agreed upon for the construction of the 16 cantonments (p. 1061)?

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The contractor usually agreed further, that if the final cost exceeded his estimate, his fee should be reduced by one-quarter the amount of such excess, though not below a minimum of one-half the fee first agreed on; but on the other hand, in all cases, if the cost was less than his estimate, his fee was increased by 25 cents for each dollar he saved, up to the limit of an extra payment of one-half his fee, provided that the time limit, as originally fixed or later extended, had not been exceeded. His expenses, as per carefully checked vouchers and pay rolls, were reimbursed to him by the corporation (p. 1062).

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Those are saving clauses that we inserted in the housing contract. All left out in the cost-plus contract agreed upon for the construction of the 16 cantonments (p. 1061). I think those are wise provisions to insert in a cost-plus contract when circumstances make it possible to insert them without defeating the purpose in view (p. 1062).

In order to make possible the letting of the contract under the form used by the Housing Corporation, it was necessary to prepare complete plans and specifications for the work. To the best of my recollection, the best records that the Housing Corporation was able to make on any project was one month from the time of starting to prepare the plans before the plans could be issued to bidders to bid upon and make their schedule of quantities and bring in their bids for comparison and letting; and that in most cases it was longer than that; and the work, I can assure you, sir, was done under pressure hardly less severe than the work on the cantonment plans. That is to say, a month from the time of the selection of the site and starting to prepare plans for that particular site. And it was the cause of the urgent necessity for haste, for avoiding that month of delay before starting any of the work on the ground—especially getting in the railroad tracks to begin to get ready to deliver the material, and the initial water supply and other factors upon which the progress of the work was all dependent—that I felt, as a member of that committee—although it had not been my special concern—that the provisions of the contract were wise under the circumstances in regard to work of the character of cantonments.

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(Extract from Exhibit F. L. O. 2, p. 1063:)

NOVEMBER 5, 1917.

From: Maj. W. A. Starrett, Engineer Officers Reserve Corps.
To: Col. Palmer E. Pierce.
Subject: Letter to architects.

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Second. The question of industrial housing is definitely before the Government. Mr. Eidlitz, chairman of the special committee investigating the sub

ject, has indicated that the services of the Emergency Construction Committee will be required. Industrial housing is a highly scientific problem for architects and city planners. The Government has no official agency to cope with the question. If this committee is to deal with it, it desires the advice of these leading architects.

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W. A. STARRETT,
Major, Engineer Officers Reserve Corps.

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Our committee met almost daily and kept a minute record (p. 1064). (Exhibit F. L. O. 4, p. 1064:)

COUNCIL OF NATIONAL DEFENSE,
Washington, June 14, 1917.

Memorandum for Mr. Olmsted, from Mr. W. A. Starrett.
Subject: Recommendation of contractors.

The recommendations handed in by our committee this morning were returned to us, asking that we supply certain additional information.

In the case of Stone & Webster, the Munitions Board desires to state, in the face of our recommendation, that Stone & Webster are now largely operating in the vicinity of Fort Sam Houston, Tex., and that they have offices at Dallas and Houston. They, therefore, should properly be registered from either one of those places.

The memorandum from Col. Littell's office, transmitting a copy of the memorandum from the commander at Fort Riley, should be attached to our recommendation, and our recommendation should state on its face that the committee had taken the fact that the Fuller company is now doing work at Fort Riley into consideration under advice from commander.

The Munitions Board desires to assume the responsibility for the selection of Crowell-Lundoff-Little Co. for the contract at Chillicothe, Ohio. However, they desire us to especially reword our recommendation, reiterating the statement that Mr. Lundoff and Mr. Tuttle were not taking part in the deliberations in the selection of contractors, because they themselves were contractors. I am relying on you to phrase the matter up so that we make it clear that we avoided definitely making this choice and put the matter up to the Munitions Board, because, in spite of the fact that Mr. Lundoff is of our general committee, but not acting in case of selection of contractors, we feel that until Mr. Lundoff is exonerated by the announcement of the administration of its policy toward him we can not properly act in a case of his concern. If this matter does not seem entirely clear, will you kindly seek an interview with Mr. Scott and straighten the matter out? Whatever you do, I hope that you and Mr. Fuller and Mr. Metcalf will not feel like acting upon your impulse of the other day until after I have had a chance to thoroughly go into the matter with you.

I feel that it is not out of place to call the attention of you three gentlemen to the fact that you are rendering an enormous public service, entirely apart from the mere question of selection of contractors, and, on that account, I feel justified in claiming the right to have a voice in any action on your part which would interfere with this.

W. A. STARRETT.

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Mr. MCCULLOCH. Did you meet with the Emergency Construction Committee regularly in their deliberations on contractors who received contracts?

Mr. OLMSTED. Yes, sir.

Mr. MCCULLOCH. Who met with you most frequently? What members?

Mr. OLMSTED. You mean members of the committee?

Mr. MCCULLOCH. Yes.

Mr. OLMSTED. Maj. Starrett, Mr. Tuttle, and, after his appointment on the committee, Mr. Donovan.

Mr. MCCULLOCH. Mr. Donovan came in, though, very late.

Mr. OLMSTED. In the summer of 1917, I think.

Mr. McCulloch. After a good many of the contracts—the principal contracts, had been let, had they not?

Mr. Olmsted. After all the large cantonment contracts had been let (p. 1066).

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Mr. McCulloch. Whose judgment was relied upon principally in the committee in making selections?

Mr. Olmsted. It is rather difficult to answer that question. We all used our independent judgment upon the facts and information we could get. It sometimes happened that one member of the committee knew more about a given contractor—could contribute supplementary information throwing light upon his ability and experience, more than another member could.

Mr. McCulloch. Would you say in that event the judgment of that member of the committee was given great weight (p. 1067)?

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Mr. Olmsted. I merely stated that it took a month and more than a month in most cases to prepare the plans and specifications for the Housing Corporation developments to a point where bids could be received upon the basis there called for, and it would have taken a long time, whether it was a matter of a month or three weeks, or five weeks, I can't judge very exactly, to get plans for the cantonments in the shape where they could have been let.

Mr. McCulloch. And you arrived at that conclusion because of your experience with the Housing Corporation which you state took a month?

Mr. Olmsted. Not at all.

Mr. McCulloch. Will you explain how you explain the connection between the two, if there is any?

Mr. Olmsted. The only connection between the two is that it takes time to prepare any set of plans and specifications, and it took a month or more in the case of the Housing Corporation, and in my opinion, it would take a long time to prepare plans and specifications for one of the cantonments, because I was pretty familiar with what they did in the development of those plans, as they were actually prepared during the progress of the work (p. 1069).

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The Housing Corporation buildings were new, and the layout entirely different in each instance. That is true surely. The layout on the cantonments was different in each case, but the buildings were standardized (p. 1069). I have not examined the Quartermaster's manual, but I know what plans they had in May, 1917 (p. 1067).

Mr. Olmsted. While it is perfectly true, as Mr. Scott stated this morning, that it would have been impracticable—that it was impracticable to prepare plans and specifications in advance of the selection of sites upon which contracts could have been let; nevertheless there is no such inherent impossibility in preparing standardized plans for certain units, such as buildings. Moreover, there is no such inherent impossibility in having prepared in advance of the selection of sites a lot of what could perhaps hardly be called "plans," but engineering data, greatly facilitating the rapid production of plans as a basis for work. Do you see what I mean (p. 1070)?

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Mr. McCulloch. You say you assume that?

Mr. Olmsted. I assumed that it must have been done.

Mr. McCulloch. Do you know it?

Mr. Olmsted. I know that it had not been done, as I discovered, much to my surprise, that a surprisingly small amount of it had been done as applicable to the conditions of these cantonments.

I was put in communication with and in conference with the officers of the Quartermaster Department, transferred to the newly created cantonment division, whose duty it had been to keep and record and develop such plans, and the fact was that at that time very little indeed of that preliminary standardizing work as a basis for the making of plans for individual cantonments had been done. Frankly, I was surprised and rather shocked. The emergency had, in that respect, taken us unprepared. The plan for buildings—which I presume are those contained in the Quartermaster's Manual referred to——

Mr. McCulloch (interposing). Have you seen them?

Mr. Olmsted. No; I should be glad to look them over. The plans which I did see, which I assume are the same that are in the Quartermaster's Manual, are plans in the possession of the Quartermaster Department at that time for a standard-type one-story building. I did see them. I went over them with the officers. That was material all to the good, but, as you pointed out, so far as the barracks were concerned, the decision was reached on account of the conditions existing in a large cantonment, such as was then required, in regard to the cost of utilities, conditions which had not been contemplated in the developing of those standard one-story structures which had been made for use in small units where the utilities costs were necessarily on a very different scale—and, in fact, as I understood, mainly for use as a substitute for tents in camps somewhat more permanent than the ordinary tent camp, especially for use down on the Mexican border, and they did not meet at all the requirements of economy and efficient organization of the large cantonments, which was a wholly new problem which they were just then tackling the plans for.

Mr. McCulloch. Why, Mr. Olmsted, they didn't change a single building. It was all an arrangement proposition, pure and simple. You admit that yourself, and yet you say that this was a terrible task, that this was a stupendous task, to draw the plans for a simple shelter that this Manual shows had been drawn; that the engineering work had been gone over by our engineers of the Army since 1914, looking ahead to this emergency; that these men had given all these details attention; that it was only a question of arrangement, because if it was a question of anything else, they would have changed the form of the building and the kind of building. You built the very same building—with the exception of the two-story barracks and the utilities that are contained in these plans.

Mr. Olmsted. Well, I am talking, sir—I thought I stated quite clearly that the standardized buildings—that the plans for the standardized buildings were in themselves a comparatively simple matter, and many of the buildings used were actually those which had been previously standardized, except in the case of the barracks. But the thing which takes a long time in the development of

any such proposition as a cantonment, or a town or city of that size, is the working out of the utilities and the arrangements and the roads. And even, as I say, the basic engineering unit factors for a cantonment of that size had not been worked out at that time. I am sure of that, sir, because I was in direct conference with the officers in charge of those plans, and they were then engaged in trying to get them, and I was helping them to get up those plans just as fast as I could (pp. 1070–1072).

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Three to five weeks to prepare the plans is rather a minimum, beginning at the time the site is selected. The time would be the same whether it was under a cost-plus or lump sum, and under the cost-plus it was possible to start the work, especially with railroad construction and water-supply works (p. 1072).

So far as I can recall, the principal, if not the only important separate contract, was for the road paving, which followed along after all the construction work, and I recall that we discussed that question of dividing, of splitting the contracts, and we all agreed that it was—it was agreed in recommending to the Construction Division the inadvisability of trying to run a job of that size and at that speed with three or four or five different contractors on separate parts of the job working together. If you will imagine a town of 40,000 inhabitants with all the sewer-pipe trenches and all the water-pipe trenches going in at the same time that all the lumber is being hauled in for the erection of the buildings, and all the buildings going up, you can see the importance of speed, to say nothing of cost, is great; of controlling the arrangements in which all that trenching is done in relation to the other parts of the work, so that the men would not be getting in each other's way and impeding the speed of the whole operation. And for that reason it did not seem—it seemed impracticable—unwise—to attempt splitting this job among several contractors working independently on the same territory and getting in each other's way. It needed organization of the job as a whole for the utmost possible speed (p. 1073).

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The contracts were all awarded after the sites were selected. I became connected with the committee after the cost-plus system had been practically decided upon.

Mr. McKenzie. After the experience that we have had with cost-plus contracts, knowing the enormous amount of money it has cost to construct these cities of common ordinary wooden one-story and two-story buildings, do you feel now, as a man who has had experience in building and in executing contracts and letting contracts, that you are ready to say that that form of contract is the best that can be drafted for the protection of the public or the individual who is having the work performed, and would you recommend it for use for the Government in future construction?

Mr. Olmsted. In peace-time construction?

Mr. McKenzie. Peace or war.

Mr. Olmsted. I should not recommend it for peace-time construction under normal conditions.

Mr. McKenzie. You would not want to use it in your own business?

Mr. Olmsted. Yes; under some circumstances. I have used very similar contracts in my own business at times, but in the drawing of a contract one has to face the facts of the particular situation and draw a contract that will get the best results under the circumstances, and I use four or five different forms of contract, according to circumstances (p. 1074).

Brig. Gen. I. W. Littell, United States Army, retired (pp. 1078–1111):

Returned from the Philippines August, 1914. Reported to the Quartermaster General's Office for duty, in charge of the Construction Division (p. 1078).

Mr. McCulloch. From that time on until the time we entered the war, what, if anything, was done by the Construction Division toward the preparation for handling bodies of men, bodies of soldiers, in the way of housing, shelter, and so forth?

Gen. Littell. When I went on duty in that branch of the Quartermaster General's Office there were troops on the border—a good many troops on the border, and there were constant requests from them to build shelter. All of their arguments were to the effect that it would be cheaper to build shelter than to use tentage. It was claimed that they would use up three sets of tentage a year, which with the increased cost of cotton, would make that a very expensive proposition; and the argument was made that it would be cheaper to build shelter of a more or less temporary nature than to use the tentage; and in a good many cases that was done. Previous to my coming into the office, plans had been prepared for the building of such buildings, such temporary buildings, and after I got there, we had had, of course, criticisms from various officers about some of the buildings we had made—suggestions I mean—as to their improvement, etc., and other kinds of buildings in addition to those that had been planned were suggested, and we decided that it would be well to revise all of the plans that we had for preparing and furnishing such shelter, and I had our office force go to work on those plans. As a result, the plans that you now find in the Quartermaster General's Manual were prepared.

Mr. McCulloch. Will you refer to the plans, General, under Appendix 16 of the manual of the Quartermaster Corps, copy of which I hand you, which is the manual of 1916 [handing the manual to the witness.]

Gen. Littell. Yes, sir.

Mr. McCulloch. Now, General, did you have a competent force working upon these plans?

Gen. Littell. We had at that time what we considered a competent force. I say "competent force"; it was competent for the work that we had in hand.

Mr. McCulloch. Did you give attention to all the various engineering details in connection with the construction of camps of the nature set out in that manual?

Gen. Littell. We gave attention to that part which refers to the shelter of the troops.

Mr. McCulloch. Now, when you talk about "shelter," what does that involve?

Gen. Littell. That involves the house itself. That is, we prepared plans—we prepared unit plans; we prepared barracks based on a certain strength of the companies as they existed then; we prepared certain buildings for use of officers, arranging them so that they could be enlarged in case one company's shelter was required, so that the plans would show a barrack for one company with a latrine and a building that could be used as a bathhouse; also quarters sufficient to house the officers for the one company, and in some cases a little shelter for possibly wagons and horses, although as a rule, we did not expect in those camps to provide much shelter for the horses.

In the case of a battalion to be encamped, they could multiply those units to meet the demands of the battalion, and the officers' quarters could be enlarged from a single set to a double set or treble, or any number you please.

Mr. McCulloch. As a result of your efforts, did you succeed in working out a standard set of plans?

Gen. Littell. We worked out these plans which we called the Quartermaster General's standard cantonment buildings.

Mr. McCulloch. You began this work primarily because of the necessity which arose, due to the Mexican trouble?

Gen. Littell. Yes, sir.

Mr. McCulloch. As time went on and it became apparent that the United States would enter the war, did you in any way increase your activities along that line, or prepare for a possible emergency?

Gen. Littell. As I stated before, I came in the office in charge of that office a day or so before war was declared between France and Germany, and of course everyone was talking as to the probabilities of the United States becoming involved sooner or later, and we began to think of it, and it was suggested among ourselves there in my office that possibly some troops might be called upon in the United States to mobilize or something of that sort and that it would be well for us to go over these plans and get them in such shape that they could be used for housing troops.

Mr. McCulloch. Did you do that, then?

Gen. Littell. We did that, then; yes, sir.

Mr. McCulloch. And the result is the plans set out in the manual?

Gen. Littell. As far as I know, these are the plans that we revised. We did a little more work on them than the original plans had. For instance, we found that there had been some slight errors possibly in the drawings, and also that we might rearrange or revise what might be called the specification, but which we called the bill of material, so that in addition to the plans there were specifications, or, to use the term used as it is in the legend on the edge of this drawing, the "bill of material" for the proposed material.

Mr. McCulloch. Then can we call them "plans, specifications, and material lists"?

Gen. Littell. I would not call them specifications, for the reason that I don't think that that word describes—that the data given here is what is usually known as a specification. A specification is an amplification—is more of an amplification. It specifies the sizes and the manner in which the work is to be done, and all that sort of thing.

Mr. McKenzie. I want to interject one question right at that point. In working out those plans did you have in mind, thinking of the economy to the Government, the use of lumber and timber, such as joists, studding, etc., of a regulation length in order that it would cut just right or perhaps not need to be cut at all in the construction?

Gen. Littell. If my memory serves me correctly, that was what we did in making some of the revisions. We found that we could do better than we had in the original ones by making some changes in the sizes of the lumber.

Mr. McCulloch. The material list contained the sizes?

Gen. Littell. Yes, sir; it is right here.

Mr. McCulloch. It was a complete material list, was it not?

Gen. Littell. It was, in so far as just the construction of the building is concerned. You will not find in this anything in the way of plumbing supplies or anything of that sort, but this is the material that will actually construct the building that is in that plan. It gives the nails here also, I see.

Mr. McCulloch. Now, I would like to ask you, General, as a result of your efforts along the line of preparation and foresight, did you regard yourself as capable of meeting the emergency?

Gen. Littell. That is rather a hard question.

Mr. McCulloch. So far as the plans and the material lists were concerned in regard to shelter?

Gen. Littell. Not knowing just what was going to be required of it we did think that we were able to handle with our force at hand then any ordinary amount of work (pp. 1078–1080).

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Mr. McCulloch. I wish you would tell the committee whether or not the plans that are contained in the manual, worked out as you have stated here, were used in the construction of these cantonments.

Gen. Littell. The Quartermaster General instructed me or my branch to have prepared an estimate for the housing in the United States of about 1,200,000 men. That was the tentative figure, and at the time the information was given we were not sure whether that was to include all of the troops that were already in the service, the Regular Army, and whether we were to utilize existing buildings, existing posts, or not; and we tried to get the information about it, as we were naturally worried as to what we were going to be called upon to do in the emergency. We were then finally told to prepare an estimate for housing that many men, of simple construction, and we did finally prepare an estimate and submitted it—the Quartermaster General submitted it in the regular way to the Chief of Staff. I might say before that, we did not know then, except in a very general way, what the units were to be—I mean the large units. We presumed, of course, with troops of that number, that they were to be divisions, and that they would want a lot of buildings that we had not provided for in here for divisional purposes. But as far as we could get the information from the War Department as to the organizations, we prepared our estimate and submitted it in the usual way.

Then we were asked by the Chief of Staff—I don't remember whether he sent it back formally or not—to make an estimate for buildings that would be more substantial—possibly of concrete—

and we prepared an estimate for building them of concrete, but in the final action on them it was determined not to use concrete buildings, as the cost was very high—considered so then—and the estimate went in for buildings of this type.

Mr. McCulloch. What was done about it in the end?

Gen. Littell. It went to Congress, and, as I remember, a certain appropriation was made on that estimate.

Mr. McCulloch. Now, what were the type of buildings constructed?

Gen. Littell. The type of buildings that we had figured on was those that were in this book.

Mr. McCulloch. So that the plans and material list which you had prepared was used?

Gen. Littell. Yes, sir.

Mr. McCulloch. In making the estimates?

Gen. Littell. Yes, sir. That estimate, Mr. McCulloch, if desired, I presume can be obtained from the Quartermaster General's Office.

Mr. McCulloch. The type of building that was constructed, did it differ from the type of building plans for which you had prepared?

Gen. Littell. Somewhat; yes, sir.

Mr. McCulloch. In what way?

Gen. Littell. The buildings that were built for the barracks were two-story buildings instead of single story, as called for here. Officers' quarters were all single-story buildings.

Mr. McCulloch. So that the only difference was the two-story barracks?

Gen. Littell. The two-story barracks are much larger

Mr. McCulloch. But that was the only difference there was in the plans and in the buildings as finally constructed?

Gen. Littell. There was something more added, if I remember rightly, in the way of making the buildings weather-tight—in the way of using paper.

Mr. McCulloch. That, of course, would not change the type of construction.

Gen. Littell. No; it would add a little to the cost.

Mr. McCulloch. So that, as a mater of fact, as a result of your effort and your foresight, your department was pretty well prepared to enter upon the work made necessary by the emergency? Is that correct?

Gen. Littell. Well, we considered that as far as plans for buildings were concerned, that we were pretty well prepared in that way to house troops.

Mr. McCulloch. And your judgment was confirmed by the fact that your plans were utilized with the exception of two-story barracks?

Gen. Littell. Yes, sir. We, of course, as I stated before, had no idea as to the size of the particular camps. We did not know whether they would attach part of the camp to a post such as Fort Sheridan and enlarge that post and utilize the water and sewer systems, and possibly ice-making plants, electric lights, and other things—we didn't know anything about that—we were all in the air about that.

Another thing we didn't know was the extent to which they would need storage. No one knew anything about how much storage

they would want, and we had to settle that finally in the emergency for ourselves, and we provided a certain number of storehouses, which, of course, were not nearly sufficient.

Mr. McCulloch. But you had provided against the increase in number required in your plans and in the unit system, so that you could increase the number almost automatically? Is that true?

Gen. Littell. Yes, sir.

Mr. McCulloch. So that if there should have been a statement made that the Army had not given this matter attention, that would be sufficiently refuted by the fact that the plans were used?

Gen. Littell. They are here.

Mr. McCulloch. But they were used, too?

Gen. Littell. They were used; yes, sir. They were considered a good type of building for the shelter of troops. Of course, other considerations had to come in later as to the extent of ground covered. We could use that shelter very readily with the type just as it was, say, for a regiment, but if you increased that to 10 regiments, of course it would cover twice as much ground and required roads twice as long, the extension of the sewers twice as much, the extension of the water pipes twice as much as a double story building would.

Mr. McCulloch. So you developed, then, the two-story barracks?

Gen Littell. That was one of the principal reasons for it, for the sake of economy, not entirely in the building—one roof would cover what two roofs would cover with this type of building, but also we wanted to economize in making the roads and the general extent of the camp.

Mr. McKenzie. General, wasn't another reason for enlarging those barrack buildings due to the fact that they had decided to change the organization of the companies and increase them to 250 men instead of the old company of 150?

Gen. Littell. The buildings that we had originally designed, I think, were designed for 100 men to a company. We built many of them—I say "many"—we built a number of them before I came into the office, and some after I came into the office to suit the particular company that wanted to be sheltered, which probably had less than 100 men—probably 80. But then the strength of the companies was changed by the General Staff to a war strength of 150 men. Afterwards, after we got plans drawn, it was changed to 200; then after we got a lot of the buildings all started it was changed to 250, and for that reason we had to in one case where we had three barracks for three companies already built, we had to divide the middle barrack and take a barrack and a half for one company and extend it further for more (pp. 1082–1085).

Mr. McCulloch. General, I hand you what purports to be a memorandum signed by you. It is marked "1 C D Q 101." I wish you would look at it and tell me whether or not you prepared this memorandum [handing memorandum to the witness].

Gen. Littell. Well, as far as I know, I did. I would say that I did. Of course it had all the earmarks and hasn't my signature there, but it has other marks on it which I can recognize as being in the regular course, and I remember that question coming up at the time.

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MAY 5, 1917.

Memorandum for Mr. Starrett, Room —, Munsey Building.

1. With reference to the proposed contract for the construction of cantonments, it is believed that the contract as drawn is entirely in favor of the contractor. It is also believed that the temporary nature of the work involved should be given more weight in considering contracts of this character.

2. First. There is no technical skill involved for which the contractor could properly demand 10 per cent on all cost for its use. The supervision is simple and will require a limited number of men with only moderate equipment technically.

Second. There is no overhead that the contractor must furnish. All the costs of whatever nature, except the main offices of the contractor, are included in the computation of cost for which the Government must pay and on which the contractor receives 10 per cent.

Third. It is believed that some advantages would result to the Government if the contractor be required to furnish all the tools necessary out of the 10 or 8 per cent or whatever else is allowed. In that event he would at least be furnishing something, and the 10 per cent would not be entirely clear. To illustrate what I mean above, suppose that one of the divisional camps costs $2,000,000, which approximates its actual cost when constructed, the contractor would recevie $200,000. Now, the question that presents it elf is, What does he render to the Government in return for the $200,000? He practically assumes no responsibility, as the Government must actually stand behind his purchases of material and his hire of labor. He furnishes no tools. The only responsibility he has in the case appears to be that of furnishing a given number of superintendents and hiring the necessary labor, the labor to be paid for by the Government and the contractor to receive 10 per cent in addition to what the Government pays the laborers.

3. It is recommended that only 5 per cent be allowed contractors, and that contractors furnish the necessary tools without cost to the Government.

4. Relative to the tools, it may be stated that this opens up a large field for profit, should the contractor in any way desire to use it. Thus, he may buy more tools than are necessary, and the contract as drawn puts a premium on him doing just that. For instance If he buys $10,000 worth of tools, there is $1,000 in it for him, and there appears to be no safeguard as to the number of tools which will be required. This particular paragraph I consider an extreme weakness in the contract. I think it should be eliminated and the contractor made to buy all tools necessary at his own expense, as there will be but a limited number of tools required.

5. The form of contract, except the clause relating to tools, appears to otherwise meet the needs of the Government, excepting also the rate of percentage to be agreed upon (pp. 1085–1086).

I. W. LITTELL,
Colonel, Q. M. Corps, U. S. A.

(Pp. 1085–1086.)

I might say that that letter, if I recollect correctly, was gotten by Capt. Oury and myself. My objections were removed when I found that they were not getting 10 per cent as we supposed when we read the letter (p. 1086).

I want to call your attention to this telegram that was sent from Governors Island, N. Y., May 11, 11.30 a. m., as follows:

Col. LITTELL,
Munsey Building, Washington:

Weaving House, Church, Kerr & Co., 37 Wall Street New York City represented by J. C. Boyd, offer to contract for any construction at 3½ per cent profit. They are classed as a thoroughly competent concern.

KRAUTHOFF.

Then there is a memorandum attached to that telegram that says:

Mr. STARRETT:

Why can not other contractors do this work at the same percentage?

I. W. L.

I wish you would identify that. [Handing telegram to the witness.]

Gen. LITTELL. That is my signature and my writing (p. 1087).

Krauthoff was chief quartermaster, Department of the East. I wanted to get Starrett's opinion, if possible, as to why other contractors would not be willing to do the same work under the same percentage, and I believe now, in view of all that we do know, that there would have been others who would have been willing to do the large amount of work that was done for that percentage, in view of the fact that a lot of them did not get more than 3½ per cent. There is nothing to indicate in the telegram what they would furnish. I don't remember whether I made inquiries to find out about that, as they, the committee were preparing a contract for our guidance (p. 1088). I don't remember what action Mr. Starrett took on that letter. I don't remember any reply. This matter was entirely in Mr. Starrett's committee's hands, as I understood it. He was the chairman of the committee on emergency construction and engineering, a civilian committee, consisting largely in personnel of men who were either contractors or interested in contracting work. It was presumed that they knew more about that kind of work than anyone else.

Mr. McKENZIE. General, a great deal of testimony before this committee and a great many statements have been made heretofore to the effect that this emergency construction committee acted only in an advisory capacity and that they had no administrative function whatever, and that, as a matter of fact, all of the contracts were let by you and your department, and the contractor was really selected by you. Now, is that the fact; or, if so, why did you send such a note to Mr. Starrett?

Gen. LITTELL. I would be very glad to explain how that was operated.

As soon as the Secretary of War approved of the site for a cantonment—they didn't all come in at once, in a bunch, but they were selected and sometimes we would approve two a day, sometimes we would approve one in two or three days—but just as soon as the approval of the site for a cantonment reached us, we immediately notified the committee—the emergency committee—and asked them to recommend a contractor. They then did so through the Munitions Board. The paper came to us with the recommendation of the subcommittee and the approval or disapproval of the committee. It came to us with Mr. Scott's signature. I at once acted on the paper, either recommending approval or disapproval, or making such comment as I had to make on their selection, and sent it to the Secretary of War, and if he approved it or disapproved it he put his action accordingly on the paper and returned it to me. If he approved it, we at once notified the contractor and went into a contract with him (p. 1089).

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Mr. McCULLOCH. Now, you had other objections to the contract than the fee, and you have stated them very clearly in your letter. You say there is no overhead that the contractor must furnish. Was that objection cured in the contract?

Gen. LITTELL. That is what we thought at that time.

Mr. McCULLOCH. Well, was it cured in the contract as finally agreed upon?

Gen. LITTELL. Well, we considered that when the final contract was given to us and decided upon, after having been discussed by the

Munitions Council in full, that they had considered all of that, and that the contract was satisfactory (p. 1090).

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Mr. McCulloch. So that the contract did provide, specifically, for the payment of all of the field overhead?

Gen. Littell. Yes, sir; that is right (p. 1091).

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I changed my mind about the overhead the contractor should furnish, because the contract was prepared by men who had had very much more experience than I had had in the way of construction, and it had passed before the whole Munitions Council, who were, according to our instructions, to act as advisory to us; and I considered that they having prepared a contract of that kind, that in their judgment the Government was safeguarded in all the points made in the contract.

Mr. McCulloch. So that you subordinated your own judgment, as set out in this letter, to the judgment of the members of the committee?

Gen. Littell. I would say yes to that. And further, that when I wrote that letter we had never had in the Quartermaster's Department, so far as I was concerned, any experience whatever with the cost-plus contract. I knew there was such a thing from seeing the advertisements of a certain large contractor in the paper, that there was such a thing as a cost-plus contract, but I never had done any work under such a contract, and of course it struck us just as it strikes many other people, and there are objections, as everybody will admit, under certain circumstances, to a cost-plus contract.

Mr. McCulloch. It is stated exceedingly clear here, General, that all costs of whatever nature, except those of the main offices of the contractor, are included in the computation of costs which the Government must pay, and on which the contractor receives the 10 per cent. Of course, the 10 per cent was scaled down (p. 1092).

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Gen. Littell. I would make the same remark that I made in reply to your other question, that in view of the larger experience of the men on the Munitions Council, and the fact that the contract was discussed and approved by the whole council, who are men of very wide business experience, that my judgment on that was not as good as theirs.

Mr. McCulloch. So you accepted their judgment?

Gen. Littell. I did; yes, sir (p. 1093).

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Mr. McKenzie. General, you had spent all of your lifetime in the service of your country as an officer in the United States Army up to that time, hadn't you?

Gen. Littell. Yes, sir.

Mr. McKenzie. And as such officer, in all your dealings with contractors, individuals, from the very nature of your position, your education, and the oath that you had taken to protect the Government of the United States, you were ever on the alert in all of those things to see that the Government's interest was protected; and isn't it on account of that experience and that education that these wide-

open provisions in this contract appalled you, and isn't that the reason why you wrote this letter?

Gen. LITTELL. It is most clearly stated by you, Mr. Chairman (pp. 1093–1094).

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Gen. LITTELL. I would like to state right here that as there is a question as to just how much the contractors did furnish, I think that it might be well—and I presume that it is either contemplated or has been done—to call some of the contractors and ask them what their actual overhead expenses were (p. 1094).

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Mr. MCCULLOCH. Under the contract as I read it to you, that is a clear provision. There is no doubt about that in the mind of anyone.

Gen. LITTELL. We never did understand that he could pay each member of the firm so much money and charge that to the Government (p. 1095).

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Mr. MCCULLOCH. The facts are, General, you surrendered to the superior judgment, as you viewed it, of these men who were in the contracting business and who had experience along these lines?

Gen. LITTELL. Because I was told that I had to have those cantonments ready for a certain number of men on the first of September. It had to be done, and every hour that we lost in quibbling over a thing of that sort would delay that. The Provost Marshal General said that he could not defer the date of the draft; that it would be absolutely impossible; he had sent out all of these calls, and it would cause the utmost confusion. And what I am saying about the time was borne out by the statement I heard an officer make, who was on the General Staff—he didn't know I was present in the audience, I think—he was giving a lecture, and he said that a delay of three days in having the number of men that they did have over there would have upset the whole thing, would have turned the whole tide the other way (pp. 1095–1096).

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Mr. MCCULLOCH. I am going to read it for the record as bearing upon your statement as to the necessity for haste:

MAY 31, 1917.

Memorandum for Mr. F. A. Scott, chairman Munitions Board.

We have reached a point where it is very necessary that we have a form of contract upon which the construction of cantonments can be let. Three of the camp sites have been definitely fixed and others will soon be determined. We are most anxious to get the work started, but can not do so until we have the contract forms. We have also contracted for cantonment construction for the increase in the Regular Army at a dozen or more of the existing Army posts. These contracts are to be completed by June 15 and a number will be finished before that date. This work is being done under a written agreement that the contractor would agree to abide by the terms of the contract to be prepared by your committee. It would be embarrassing to be called upon to pay any of the bills before the contract is signed, and the contractors are most anxious to sign up. May I ask you to have your committee informed of my desire to get the contract form at the earliest possible date.

Respectfully,

_____,
Colonel, Quartermaster Corps,
In Charge of Cantonment Construction.

I. W. L.—Ly.

Will you tell the committee what the conditions were that led you to write that letter?

Gen. LITTELL. Yes, sir. When we were trying to get information early in May in reference to what was going to be needed in the way of construction work, and so forth, we were making inquiries as to the size of the organization, and the organization itself, so as to know how many officers and how many men and how many horses should be provided for, and which would be Artillery and which would be Cavalry and all that, and the propositions in each one. We went out to one of the branches of The Adjutant General's Office for some information; rather I sent my assistant, Capt. Oury, up there, and he came back to me with a statement that an order had been issued by The Adjutant General, or a letter had been sent out, giving instructions to the department commanders to perform certain construction work for officers' training camps, and so on, at various posts; and that that letter had been out for two days and we knew nothing about it. Of course, the construction work would naturally come under us and we were considerably disturbed to know that that had been done and we had not been consulted about it, and no plans had been made for it, and we had to do some very great hustling right then to get these things started, because the quartermasters then began to telegraph us for instructions, etc., and we had to get together right then that afternoon and get those shelters started.

We were informed, for instance, that the men would be ordered to these camps in about two weeks, and there was considerable building to do to get them finished, and we could not lose a minute. So we called in a number of representatives of contractors that we ascertained—of the large contractors—who were in the city and talked with them and ascertained whether they could go to work right away. They told us they could, and on these plans that we had; but we had no contract at that time that would cover an emergency like that. We had no time to make a contract or specifications; the only things we could give them was the drawings, and tell them to go ahead on that, and we discussed the matter as to what kind of contract we could make with them. Of course, we had been told that the Munitions Board was preparing a contract which they were going to submit.

Mr. MCCULLOCH. In that connection, General, I would like to ask you how long were you in this predicament? About how many weeks were you under this stress you have referred to, waiting for the contracts?

Gen. LITTELL. Well, that, I think, was when we started those buildings—those what we call small now—we thought it was a pretty big thing right at that moment to do in two weeks. That must have been about three weeks from the 6th of June, I think. Of course, I can verify that. It was somewhere along in the middle of May (pp. 1096–1097).

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Mr. MCCULLOCH. Now, General, I want you to identify a letter that was written to you, dated May 31, 1917. It has on it the identification initial "C. D. O. 79–1." It is addressed to you on the stationery of the Council of National Defense and is signed by W. A. Starrett, chairman, and it has the initials "M. C. T." at the end. I wish

you would look at the letter and the signature and the initials and tell the committee whether you received the letter, whose signature it is, and whose initials those are to the "M. C. T." Did you receive that letter, General? [Handing letter to the witness.]

Gen. LITTELL. Undoubtedly.

Mr. McCULLOCH. Whose signature is that?

Gen. LITTELL. That is Mr. Starrett's signature, as I recognize t.

Mr. McCULLOCH. Do you have any idea whose initials those are on the left?

Gen. LITTELL. I should say they were Mr. Tuttle's. I don't know what his initials are are, but I imagine that that is Mr. Tuttle, and it sounds something like Mr. Tuttle's verbiage.

Mr. McCULLOCH. Now, General, this letter which was sent to you, and which I want to put into the record, was printed in the report of the Chief of the Construction Division to the Secretary of War, 1918, on pages 10 and 11. I want to refer briefly to that letter. That was printed after all the cantonments had been constructed.

Gen. LITTELL. May I ask the date of that?

Mr. McCULLOCH. It is dated September 30, 1918. The cantonments were constructed at that time, weren't they?

Gen. LITTELL. Yes; that is, after I severed my connection with them.

Mr. McCULLOCH. But it was printed—the letter was printed in this report.

Gen. LITTELL. Yes, sir (pp. 1097–1098).

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The emergency construction contract was finally approved June 1. 1917, so it is fair to assume that I had the letter you show me before me or had received it at the time I agreed to the contract. In view of the fact that that letter was sent to me on May 31 and the approval was on June 1 it was from that letter that I got my idea that the contractor was assuming a large amount of overhead expense (pp. 1098–1099). Yes, sir. The letter is as follows:

COUNCIL OF NATIONAL DEFENSE,
Washington, May 31, 1917.

From: Committee on Emergency Construction of Buildings and Engineering Works.

To: Col. I. A. Littell, Quartermaster Corps, in charge of cantonment construction.

Re: Profit on day-work contracts.

1. It seems worth while to give you a statement of the information and the reasoning on which we based the 7 per cent profit recommended in the contract for cantonments.

2. It is necessary to clearly remember the imperative need of finishing these buildings at a specified date. This need transcends all others and precludes the consideration of anything which remotely tends to defeat this primary object.

3. The accomplishment of the work in anything like the time specified requires the service of the largest and best organizations. No others can be considered if the work is to be completed in the length of time which is given. It is unthinkable to suppose that any contractor not possessing a highly skilled organization could create a machine capable of turning out satisfactory work at the speed required and on anything like an economical basis.

4. The Government is in effect hiring a contracting organization to spend the Government's money as wisely as may be in order to build these cantonments The contractor receives $7 for spending $100 of the Government's money. The essence of the problem of selecting the builder is to find one who will get as

much cantonment for the $100 as it is possible to get under the given circumstances.

5. It is obviously bad judgment to engage an unskilled man to spend Government money simply because he is willing to act in that capacity for less remuneration. It would also seem unwise to hire an inadequate organization to spend this money simply because they were willing to work for less compensation. The saving on the compensation would quite likely be more than balanced by the greater amount of money that they would spend to accomplish the result. Gen. Goethals's statement to the Munitions Board that this was an exceedingly difficult operation has been echoed by every competent authority who has examined the matter. We have accordingly been led to the conclusion that only firms possessing the largest and best organizations are capable of handling these works successfully.

6. Such firms are necessarily controlled by managements made up by big men supported by a permanent staff of subordinates, and such organizations are necessarily expensive.

7. The distinction between the small concerns that carry but a few permanent employees and the well-organized concerns who never part with a large and capable organization may be somewhat confused through the fact that both are lumped in common parlance under the head of "contracting firms." There is actually as much variation in efficiency between the best and the mediocre contracting firms as there is between the modern Pennsylvania Railroad and the old Erie Canal.

8. The efficiency of these large contracting organizations combined with their selling ability keeps them constantly employed, and if we ask one of these concerns to take on a piece of work which will tax their facilities they must necessarily disarrange work which they have in hand. They must take men and sometimes equipment from jobs which they have under way and send these men and this equipment to the work which the Government needs done quickly. Usually part of the work which they have on, at least, is on lump-sum contracts of which lack of efficiency will result in financial loss to that concern. In any case they are using up capacity for business which they can sell normally at a better rate than we are recommending the Government to pay.

9. The lowest overhead expense which has reached our attention is that of a company doing upward of $30,000,000 worth of work a year. This firm has an overhead charge of almost exactly 2 per cent and has cleared for the past two years above this fixed charge 6 per cent net on its entire business. Overhead expenses run as high as 5½ per cent and average probably 3½ per cent. Accepting this figure, you will see that at 7 per cent the contractor would net 3½ per cent as profit on his work, or $35,000 on each $1,000,000 worth of business done.

10. It is to be remembered that the Government is making contracts running into the millions of dollars with the shipbuilders, the gunmakers, and other trades, on which 10 per cent net is paid after allowing the overhead charges as part of the cost. That is, the Government is knowingly allowing 10 per cent net on contracts of that sort, and surely on its own scale a net of 3½ per cent can not be considered exorbitant.

11. At the present time contracting firms are showing the same patriotic wish to be of service that we find in all other industries. We have known of offers being made for handling work at absolute cost, for handling it at cost and overhead expense, and from that up. It has seemed to us economically unsound for the Government to permit contracting firms to handle work on a basis which will weaken the firms. Our understanding of the policy of the Government is that in the long run it will pay to place its work in such a way that the firms will not be crippled and that they will be able and willing to continue to handle work for the Government on some uniform basis of profit. We have accordingly, after consulting with a great many engineers, contractors, and architects arrived at the conclusion that 7 per cent is a reasonable profit at which the best concerns of the country should be willing to handle the work of the Government at maximum efficiency and in such a way that will be profitable to them, and we have tried to arrive at a figure which is fair both to the Government and will permit employing the services of the very best concerns that there are in the business. We should be glad to furnish you the list of the people with whom we have consulted on this matter, if you wish such a list, and should be glad to amplify any point on which you may care for additional information.

W. A. STARRETT, *Chairman.*

M. T. C. (pp. 1099–1100).

It is a fair statement to make that I agreed to this contract largely on the representations contained in the letter, and if it should turn out that the statements made in the letter as to the overheads are not true, naturally, I was misled. I have no reason whatever to doubt the integrity of any member of that board or of the commission. I considered them all men of the highest integrity (p. 1101).

Mr. McCulloch. For the purposes of your testimony, it is sufficient to say that you did receive the letter and that you accepted the statements therein, and, as you have stated to this committee, on those statements agreed to the contracts.

Gen. Littell. It had been our intention, or rather we were informed that they were preparing the contract as a guide for our use in the construction of those cantonments; and at that time we could not stop for anything. If at that time I had thought that a part of his argument there was not entirely correct, still at the same time I knew that that contract would be approved by the board before sending it up to us, and the board contained, as I say, all those prominent gentlemen, gentlemen of eminence in their own professions, and of large business experience, which I could not for a minute put up against my own experience. And we could not do a single thing that would delay that matter an hour if we could help it.

No matter what Mr. Tuttle said in that letter, I was practically bound to go ahead on the contract which they had furnished to us, because any delay to quibble or argue about that would have delayed matters so that we would not have had the contonments ready when the first-batch men were ready to go in them. I was under extreme pressure, not only from the War Department to get this done, but the Provost Marshal stated, as I said before, that it would be a most dire calamity if that first draft could not be taken into the cantonments.

Mr. McCulloch. All the more important, isn't it, that those who were charged with the responsibility of safe-guarding the Government should have acted in the very highest good faith?

Gen. Littell. Well, I think they tried to. That is my opinion, that they did.

Mr. McCulloch. If it should turn out that the statements made in this letter were misleading and untrue—and I am not saying that they are, but I am asking if it should turn out that they are, then probably that fact would controvert your belief.

Gen. Littell. I can not believe that any member of that commission that I knew would deliberately try to mislead me.

Mr. McCulloch. General, I desire to call your attention to an exhibit we desire to put into the record at this point, dated May 30, 1917, with the caption "Memorandum for the Quartermaster General," signed on a typewriter "Newton D. Baker, Secretary of War"—and this is evidently a copy—to which is attached a letter dated June 1, 1917, addressed to Col. I. W. Littell and signed by Henry G. Sharpe, Quartermaster General. I will hand you these letters in a moment for identification, but I want to call your attention to this paragraph on page 4 of the memorandum signed by the Secretary of War:

2. That all such contracts hereafter entered into be first referred to the accountancy committee for suggestions upon the form of a contract and for the inclusion of such safeguards as can be suggested.

Do you identify that?

Gen. LITTELL. Yes, sir; I remember that (pp. 1101–1102).

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(Extracts from letter referred to:)

The American Institute of Accountancy has offered its service to the Government. It has a permanent committee in Washington. In association with the Secretary of Commerce and certain other agencies assembled by him, the institute has placed at the disposal of the Government expert certified accountants to aid us in the conduct of enterprises of this kind.

2. That all such contracts hereafter entered into be first referred to the accountancy committee for suggestions upon the form of a contract and for the inclusion of such safeguards as can be suggested (pp. 1103–1104).

NEWTON D. BAKER,
Secretary of War.

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Mr. MCCULLOCH. I hand you a memorandum dated September 6, 1917, with the caption "Memorandum for the Secretary of War" signed by I. W. Littell, Colonel, Quartermaster Corps, in charge of Cantonment Construction, with a notation on it dated September 15, 1917, as follows: "I hereby make formal my previous informal approval of these forms. Baker."

I ask you to identify the exhibit with the attached memorandum, and if you can identify it I desire to offer it in the record at this point.

Gen. LITTELL. This bears all the marks of being authentic as far as I can see.

Mr. MCCULLOCH. I think this is all. I offer it in the record.

(The paper referred to is here printed in full in the record as follows:)

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER GENERAL OF THE ARMY,
Washington, September 6, 1917.

Memorandum for the Secretarv of War.

1. Attached hereto is the form of contract for emergency work, which has been used by this office in connection with the work of construction of the 16 National Army cantonments, the 16 National Guard camps, and the 2 embarkation cantonments. This form of contract was prepared by the committee on emergency construction of buildings and engineering works of the Council of National Defense, and its use by this office was informally approved by you.

2. Herewith also find three other forms of contract, to wit, for consulting engineer's services, for general engineering, and for supervisory engineering service, limited, all in connection with cantonment and camp construction work, which were furnished to this office by the same committee, and the use of which has likewise been informally approved by you. Certain contracts of each of these three kinds have been entered into by this office in connection with the cantonment and camp construction work.

3. In order that the record may be kept straight and also to obviate the necessity for extensive interdepartmental correspondence, it is recommended that formal written approval of the action of this office in using these forms of contracts, and of the future use of these forms of contracts, be issued by you.

I. W. LITTELL,
Colonel, Quartermaster Corps,
In Charge of Cantonment Construction.

SEPTEMBER 15, 1917.

I hereby make formal my previous informal approval of these forms.

BAKER.

(P. 1105.)

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Gen. LITTELL. Yes, sir. I would like also to explain to the committee that the question of overhead charges is a very large one and a greatly disputed one in all cases, and personally I have never had very much experience with overhead charges (p. 1106).

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Mr. DOREMUS. It has been urged in defense of the action of the General Munitions Board in recommending the cost-plus contract that time was of the essence. In other words, that there was no time in which to prepare plans and specifications for those cantonments. In answer to that Mr. McCulloch has stated that the Quartermaster General had already prepared plans and specifications which could have been used in connection with this work. I want to ask you whether the plans prepared in your office, and which are set forth in considerable detail in the manual for the Quartermaster Corps, United States Army, for the year 1916, were adequate for the construction of a cantonment capable of housing and caring for say 40,000 soldiers?

Gen. LITTELL. Not as they were required to be built, with all the utilities and facilities for their comfort, the care of their health, and so forth. Those specifications only provided for the actual shell.

Mr. DOREMUS. For barracks, in other words?

Gen. LITTELL. Yes, sir; just a bare shell to take the place of tents. That is what they were intended for. If you have observed those specifications, the plumbing is not provided for in the latrines. They were supposed to be the simplest kind of latrines; just for the cantonments alone I think we purchased something like 80,000 water-closets. We purchased refrigerators enough to reach from here to Alexandria if they were placed in a string. They are not in here [pointing to manual of the Quartermaster Corps].

Mr. DOREMUS. You say that the plans which appeared in the manual for 1916 did not provide for plumbing. Do they provide for sewerage for each cantonment?

Gen. LITTELL. No, sir.

Mr. DOREMUS. Do they provide for highway construction?

Gen. LITTELL. No, sir.

Mr. DOREMUS. Do they provide for lighting?

Gen. LITTELL. No, sir; nor for steam heating (p. 1108).

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Mr. DOREMUS. I want to ask you, and of course I think the question answers itself, but I want to ask you whether a contractor could have taken those plans which appear in the manual for 1916 and made an intelligent bid for the construction of a cantonment capable of housing and caring for an army of 40,000 men?

Gen. LITTELL. Not as the cantonments were built; no, sir.

Mr. DOREMUS. Could he have taken those plans as they appear in that manual and made an intelligent bid on any one of the 16 cantonments that were constructed during this war?

Gen. LITTELL. Not for the cantonment, as completed; no, sir.

Mr. DOREMUS. I think that is all I wish to ask.

Mr. MCKENZIE. I want to ask one question more: Of course, the buildings at those various cantonments are of very simple character. They are one and two storied frame buildings, set on underpinning——

Gen. LITTELL (interposing). Yes, sir; sometimes consisting of cedar posts, and sometimes concrete.

Mr. McKENZIE. And they are practically alike in all cantonments? In other words, they are standardized?

Gen. LITTELL. Yes, sir.

Mr. McKENZIE. I want to ask you whether or not if a simple plan had been made for each one of those buildings of various character, such as a barracks building, a storehouse building, officers' quarters, whether or not it would have been possible for any contractor to bid on them at so much per unit, taking one building as a unit?

Gen. LITTELL. He could on the buildings—on the shell alone.

Mr. McKENZIE. Could he not have bid on the water system, the lighting system, and on the plumbing at so much per unit?

Gen. LITTELL. I do not think he could, sir, because in most cases the contractors when they started work did not have and could not have all the information as to the topography of the ground.

Mr. McKENZIE. Well, that is true, but wouldn't they just about equalize themselves in the various cantonments?

Gen. LITTELL. He could have made a bid, but I do not think he could have made an intelligent one. I do not think he could have bid at all closely, and some of them would have figured way up in the air and some way below.

Mr. McKENZIE. It would have been a matter that a man experienced in building and construction work could have gotten very close to the cost and been enabled to have made a bid?

Gen. LITTELL. I do not think he could have made an intelligent bid for the work to be done within that time. One of the principal reasons for that is that I do not think any contractor has the slightest idea of how much labor it was going to take or what the attitude of labor was going to be on the building of them (pp. 1109–1110).

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Mr. McCULLOCH. How do you regard Gen. Goethals as to his experience and his ability?

Gen. LITTELL. I regard him as a very capable engineer and a very brilliant man, not only as an officer but as a scientific man. At the time he was selected for chief engineer of the Panama Canal I was very much pleased, and I would talk it over with my next-door neighbor, who was a civilian in the Quartermaster Department, and expressed to him a number of times my pleasure in seeing him appointed to that place. Gen. Goethals also lived just below me.

Mr. McCULLOCH. There is no doubt about his ability?

Gen. LITTELL. None at all.

Mr. McCULLOCH. No doubt about his wide experience?

Gen. LITTELL. No, sir.

Mr. McCULLOCH. No doubt about his soundness of judgment?

Gen. LITTELL. I have always considered that he had very sound judgment, but I do not entirely agree with Gen. Goethals in his remarks about cost-plus contracts, particularly in relation to the construction of cantonments. I do not believe that he fully realizes what it was to build those within three months; and that is the whole sum and substance of the great difficulty of getting contractors to take contracts—was the time of three months. I think any of you gentlemen will realize that it was considerable of a task to

do that work in three months; and everyone told us we could not do it, that it could not be done. And, naturally, it startled me considerably (pp. 1110–1111).

SERIAL 3, PART 17.

WASHINGTON, D. C., *Wednesday, October 22, 1919.*

Maj. Gen. HENRY G. SHARPE, Quartermaster General, United States Army (pp. 1113–1158):

At the time of our entry into the war with Germany, I was Quartermaster General of the Army. The law required the construction work to be undertaken by the Quartermaster's Department. In conformity with law, there was established in the office of the Quartermaster General a division know as the Construction (p. 1113) and Repair Division, which division undertook all construction and repair of posts. Along about the 15th or 16th of May, 1917, the Chief of Staff sent for me and said that the Secretary of War had given orders that there should be a separate division established in the office of the Quartermaster General, to be known as the Cantonment Division, and that Gen. (or then colonel) Littell would be assigned in charge of that division, and that that division was to operate directly under the Secretary of War and the Chief of Staff; that the only duties the Quartermaster's Department would have in connection with that would be the preparation of estimates required by this cantonment division.

Mr. MCKENZIE. You were relieved of all responsibility, so far as supervising or formulating contracts and the letting of the same was concerned?

Gen. SHARPE. Yes, sir (p. 1114).

On May 18, 1917, an order was issued permitting Col. Littell to report directly to the Secretary of War, and to communicate directly with the department and division commanders, and to give written instructions to civilians and officers as to travel in connection with the work, and after this order had been issued, I had nothing further to do with the contracts or with the formulation of the special contract to take care of the construction of cantonments. I know nothing about the contract, and was not consulted concerning it (p. 1115). I had never made a contract of that character except on one occasion, and that was due to stress of circumstances to get quarters for the new increment, constructed within two weeks, but that was taken up with the law officers of the Treasury Department (p. 1116).

LOUIS B. WEHLE, member legal staff, munitions board (p. 1116–1140):

Was a practicing lawyer at Louisville, Ky. (p. 1116). Asked by Mr. Bulkley, whom I had known as a classmate in school and in practice, to join the legal staff of the munitions board, and assist him in organizing the legal work and carrying it forward (p. 1118). I arrived the 8th of May, 1917. Mr. Bulkley told me that the first task ahead of his committee, the legal committee, was the formulation of a contract for the construction of the cantonments (p. 1119). Mr. W. C. Saeger, formerly a law partner of Mr. Bulkley, had also come to Washington. It was definitely understood that Mr. Saeger

and I would carry out the work of drafting the cantonment contract. We proceeded at once with the statement that had been handed us by the General Munitions Board as a basis. This outlined the principle on which the construction work was to be carried out, or the basis on which the contract was to be drafted. I do not have a copy of the memorandum.

Mr. McCulloch. What did you do next?

Mr. Wehle. There followed after that intensive weeks of continual consultation with members of the general munitions board, particularly with Maj. Starrett, Mr. Tuttle, and Mr. Lundoff, who composed at that time the emergency construction committee; and with various contractors and engineers and experts, on the various phases of this contract. In addition to that, we were in communication quite frequently with Maj. Call, now I believe Col. Call, of the Judge Advocate General's office, to whom we referred continually questions that dealt with the power of the Government under the various conditions which were presented by the contract, and also with the various statutory provisions which would apply to a contract of this kind. As you go on with this examination I may remember others definitely with whom I did confer or with whom Mr. Saeger conferred (p. 1120).

We had copies of cost-plus percentage contracts before us. It was our instructions to draw that kind of a contract. We asked various concerns for forms, and I think we had half a dozen, but we were unable to get much assistance from them because our problem was a new one (p. 1121).

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Mr. McCulloch. All right, then we will go directly to the points I want to raise: You were in consultation with Mr. Starrett, Mr. Tuttle, and Mr. Lundoff in connection with this contract, as you have stated, very frequently. Will you please tell us how frequently?

Mr. Wehle. Oh, I am sure there was not a day we did not discuss some phase of this contract with one or other of those gentlemen; and I imagine if I were to say that on every other day on an average we discussed questions with all three of these together, or at least with two of these together, it would be about it. I am sure there were sometimes several conversations a day over some phase of the contract.

Mr. McCulloch. Was there discussed from time to time the question as to safeguards to be placed in this contract to protect the United States Government?

Mr. Wehle. Oh, yes; naturally.

Mr. McCulloch. Did you discuss bonus for savings?

Mr. Wehle. Yes. That was discussed at great length.

Mr. McCulloch. What conclusion did you reach in regard to placing in the contract a provision of a bonus for saving?

Mr. Wehle. We concluded that it was impracticable to put any in; in fact, it was about impossible.

Mr. McCulloch. During those discussions and when you arrived at your conclusion was it the unanimous conclusion of the three men you have mentioned—Col. Starrett, Mr. Lundoff, and Mr. Tuttle—that the provision of a bonus for saving should be left out of the contract?

Mr. WEHLE. I do not recollect that, but my impression is—and I am afraid that is the most I can give you on that—that after the subject was canvassed thoroughly there were no dissents at all; that there was no one on the legal committee nor anyone on the General Munitions Board nor in the emergency committee, who maintained that there could be such a provision put into the contract. I mean in the circumstances under which the contract was to be administered. I may be mistaken about that, but I think it was generally felt that that was necessary; and for this reason, that the plans for the work had not been made. No one then knew within even a matter of a million dollars or two million dollars how great the volume of work on any cantonment was to be, nor where the cantonment was to be located, so that it was impossible, for instance, in connection with the penalty for time of completion, it was impossible to fix a date for completion around which date would center the bonus, or the penalty to the contractor on the time it took to build the work; and by the same token, because the work was so unplanned at the time the contract was drafted and even at the time the contractor went to work, it was impossible to fix a price, a standard price around which a penalty for excess expenditures, or a reward for savings could be constructed for the work.

Mr. McCULLOCH. Upon what do you base you statement that the work was unplanned?

Mr. WEHLE. I base it on the statements that I received from every quarter and from my own observations——

Mr. McCULLOCH (interposing). Well, now——

Mr. WEHLE (continuing). Let me finish, please. Because I was frequently in the drafting room, which was just across the hall from our own legal committee room, in which drafting room a great many of those plans were being worked out.

Mr. McCULLOCH. Whose drafting room was that?

Mr. WEHLE. I do not recollect, but I think it was the drafting room used by the Emergency Construction Committee. And there were officers working in there and I do not remember whether they stayed there or not, but I used to see men in uniform working in there. I think they were detailed over probably from the War Department (pp. 1123–1124).

Plans for the various types of buildings were undergoing a change, subject to conditional change and discussion by members of the Emergency Construction Committee, and by gentlemen who represented the War Department, as to what should be the type, with reference to materials and hardware that were quickly available. and with reference to the quickness of construction, and safety and health of the men to be housed.

I did not know, and I do not believe that the Quartermaster's Department, since 1914, had been giving continuous attention to the matter, and had formulated plans that were printed in the manual of shelter buildings, but I have no doubt that the War Department had enough provision and enough ability to have provided some kind of plans and had them in their hands.

As a matter of fact, these were not the first cantonments that were ever built for the United States Army. Col. Littell had built barracks in a good many different places, as had been done by his predecessors. There were accepted forms of construction, which must

have been in the hands of the War Department, and probably there had been accepted forms of construction in that department for a century. I do not doubt that at all. But I can tell you, and I am perfectly certain I am right about it, that those forms of construction were in a continuous state of change; that they were being formulated and carried along during the time this contract was being drafted. I have every reason to believe that this changing of plans was being done with the full consent and approval of the War Department because I heard the subject discussed by officers of the War Department (p. 1125).

One of the most important changes was to the 2-story barracks. I heard it discussed early, along in May. We were not subordinate to the Emergency Construction Committee; only, in fact, to the General Munitions Board, and Col. Starrett, Mr. Lundoff, and Mr Tuttle were undoubtedly very influential in deciding on all questions of form, and they made final recommendations.

Mr. McCulloch. As to the bonus and the other feature for time. you have made some reference to that matter and I wish you would tell us about that feature of it. It was not contained in the final form of contract?

Mr. Wehle. No, sir; there is no such provision in the contract.

Mr. McCulloch. Was it discussed?

Mr. Wehle. Yes, sir.

Mr. McCulloch. It was decided to leave such provision out of the contract?

Mr. Wehle. Yes, sir; I stated that a few moments ago.

Mr. McCulloch. Was the question of what the contractor was to furnish for the fee to be paid him given consideration?

Mr. Wehle. Very much.

Mr. McCulloch. Will you tell us about that?

Mr. Wehle. The theory of reimbursing the contractor for his outlay had of course to be carried out by very careful definition of what was his outlay, what was the cost of the work to him for which he was to be reimbursed, and the formulation of that class of work for which the contractor was to be reimbursed is to be found in Article II of the contract as it was finally adopted (p. 1126).

We prepared the contract. We took the principle as it was given to us, and drafted the contract on the basis of the principle. There was no part of it not thoroughly discussed. There were any number of points discussed and argued with members of the Emergency Construction Committee, in some of which we differed with them and in many of which we won them to our point of view.

Mr. McCulloch. What was he to furnish for the compensation or the fee provided for in the contract?

Mr. Wehle. Well, he was to furnish his organization and his ability—his organizing ability as well as his organization—and his knowledge where to turn for the men and for the materials, and for his ability to follow up the materials that were shipped from various parts of the country, to follow up orders and keep the material going (p. 1127).

The question of what the contractor was to give or furnish the Government for the fee was discussed in detail. He was to give work of his home office, equipment that he already had that was

available and needed for this particular kind of work, and that, of course, was to be paid for as part of the cost (p. 1128).

In addition to this organization and organizing ability that was being paid for the contractor was paying for his labor and paying for his material, but the contractor was to be reimbursed periodically for those outlays of capital. That was a part of what the contractor was to furnish.

The theory was that the contractor was to be reimbursed each month, and that the carrying charges were to be one of the considerations for his fee, but there was a provision under which the contracting officer might make payments at more frequent intervals (pp. 1129–1130).

The contracting officer shall then pay to the contractor on or about the 9th day of each month the cost of the work mentioned in (1) and the fee mentioned in (3) of such statement, less all previous payments.

So you see the theory of the contract was that the contractor was to receive his payments each month, but in exceptional cases, if it was possible to do it as an auditing proposition, it could be done oftener (p. 1130).

It was in contemplation, and it was the theory on which we worked, that the contractor was to carry all expenses and his expenditures for one month, and that was one of the considerations moved to the Government, on which we based the percentage of fee (p. 1131).

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If the contracting officer and the Government contemplated making payments regularly in such a way as to reimburse the contractor immediately after he made his outlay, or if the contract was administered in such a way that the contractor received his imbursement immediately after making his outlay, then the entire first part of article 4 would have been rendered nugatory, and the whole idea of compensating the contractor in such a way as to reimburse him for his interest that he would be out would have been simply nullified.

As a matter of fact, however, it was contemplated that the contractor would not receive his reimbursements immediately, but that he would receive them each month, and the only reason why this provision was put in here which enabled the contractor under such conditions to receive his reimbursements oftener was for the benefit of the Government and not for the benefit of the contractor, and it was made only conditionally on the exercise of discretion by the contracting officer, whether the contractor could get money more frequently than every month. The contractor had no rights under this contract further than to get his money every month (p. 1132).

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The contracting officer, if he had been making these payments oftener than once a month, would have been, in effect, violating his instructions if he had done it.

Mr. McCulloch. Whose instructions?

Mr. Wehle. The instructions of the contract. If he had made these payments other than for the purpose of enabling the contractor to avail himself of discounts.

Now, mark you, the contractor, as I remember it, was compelled under the contract to avail himself of those discounts, anyway. If he

did not avail himself of the discount, as I remember it, another part of the contract provides that he must.

Mr. McCulloch. You refer to this paragraph:

The contractor shall take advantage to the extent of his ability of all discounts available, and when unable to take such advantage shall promptly notify the contracting officer of its inability and its reasons therefor.

That is in article 2. That is all right as that stands. But for the purpose of showing that it was not intended the contractor was to make advances, you put in this provision that if it is necessary for him to make payments before the end of the month the Government will put the money up (p. 1134)?

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I am going to read you—and this, of course, we will have to verify later; I do not care to have you identify it—for your information and the information of the committee, a special instruction for field auditors:

Payments: It is the intention to pay the contractors' bills as follows: Daily, whenever necessary for discount or other lawful purposes; weekly, for pay roll purposes.

(P. 1135–1136.

I will tell you we discussed this question of compensation not only as a matter of theory among ourselves but with a good many contractors. The memorandum, dated May 21, 1917, signed L. B. W., I recognize as signed by myself (p. 1137).

Extracts from memorandum:

The Army appropriation act of May 12, 1917, contains the following proviso: "That hereafter no expenditures exceeding $5,000 shall be made upon any building or military post, or grounds about the same, without the approval of the Secretary of War upon detailed estimates submitted to him."

The question arises as to what effect the proviso will have upon expenditures totaling in excess of $5,000 in emergency construction on cost and percentage basis now being projected by the War Department. Assuming that this emergency work is upon military posts, it is to be concluded that the proviso just quoted may readily be complied with by the Secretary of War so that payments under the contracts for such emergency work need not be at all postponed or interfered with. In the first place, it seems clear from the use of the word "expenditures" that Congress had in mind the total of the various items of cost of the work referred to, and not to individual items of cost; in other words, that it was intended that where the total expenditures of any such job exceed $5,000 such detailed estimate and approval shall be a condition of their validity.

The detailed estimate which the proviso requires to be submitted—by the Quartermaster General, for instance—to the Secretary of War, in order that expenditures on any camp site shall be legal, is not an exact computation in any sense, but a mere approximation of a total based upon items roughly judged.

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Under the authorities it would seem clear that, even if it were held that the proviso in question of the act of May 12, 1917, were intended to apply to these emergency, cost-plus percentage contracts for camp construction when in excess of $5,000, there would, with reference to expenditures on any particular camp site, be a sufficient compliance with the proviso when the proper officer has submitted to the Secretary of War a statement listing in detail the principal items which will enter into the expense of such construction, with rough estimates of the cost of each item, and footing up such costs with a roughly estimated total; and when the Secretary of War has in turn issued an order approving the expenditures to be made on such camp site.

The proviso contains no idea that expenditures in excess of such estimate shall be illegal, and it is so easy to comply therewith that it should constitute no serious obstacle to the validation of all expenditures in the emergency construction referred to.

L. B. W.

MAY 21, 1917.
(P. 1138.)

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The reasons why it was deemed impossible at that particular time to place in the contract an intelligent estimate of the cost of construction were, in the first place, that the plans for the cantonments were entirely uncertain. The sites had not been selected in some instances, at the time the contract was formulated, and, where selected, the area was not known. Therefore, it was impossible to know the cost of clearing the ground, grading ground, roads, drainage, and other various things to prepare the ground for construction. Was not know what number of buildings, or what number of men would be accommodated, and where the water supply was to come from. No one knew what was going to happen—the prices of material or the cost of labor (p. 1139). Everyone felt vaguely there were going to be great increases, and no man would have staked himself in any way to an estimated cost if he had known exactly what was to be put on the cantonment site. He could not possibly have estimated the cost of the work on the basis of which he would suffer a penalty if he did not keep within it. No contractor would have been found, I believe, at that time even if the exact scope of the work were known and the specifications and plans were completely worked out who would have dared to take a contract on estimated cost on the basis of which estimated cost he would suffer a penalty.

Mr. McCULLOCH. Assuming that the plans for barracks to which Mr. McKenzie referred and which were prepared in the office of the Quartermaster General, some time previous to the formulation of this contract, had been adopted by the Construction Division for these cantonments; assuming that that particular part of the work had been decided upon, I assume from your answer that even had you known that, it would still have been impossiblue to make an intelligent estimate of the cost of the completed cantonment.

Mr. WEHLE. I think that is true (p. 1140.)

Col. LOUIS W. CALL, Judge Advocate General's Office (pp. 1140–1141):

Mr. McKENZIE. I will ask you whether or not you at the invitation of anyone sat in as a representative of the Judge Advocate General's Department at the meetings of the council of the General Munitions Board?

Col. CALL. I was orally instructed to be present at the conference in order to answer questions that might be put to me regarding the statutes affecting contracting.

Mr. McKENZIE. I want to ask you, Colonel, whether or not at any time the so-called cost-plus contract was presented to you and the provisions that were eliminated from it which were intended to safeguard the Government were stricken out, was ever submitted to you for your opinion?

Col. CALL. It was not.

Mr. McKenzie. Do you know whether it was ever submitted to your department?

Col. Call. I am sure of this, the question of what safeguards should go into every cost-plus contract was never submitted to the department. Possibly there may have been submitted to the department the question as to the form of the contract and as to its legality (p. 1141).

W. W. Boyd, Jr., president, Union Construction Co., St. Louis, Mo. (pp. 1141–1142):

I identify my letter to Mr. Bulkley, on the letterhead of our concern, dated June 12, 1919, as follows:

St. Louis, *June 12, 1919.*

Mr. R. J. Bulkley,
General Council Munitions Board,
905 Munsey Building, Washington, D. C.

My Dear Bulkley: I have noticed in the press reports that there is a rather serious controversy over the merits of executing Government work on a cost-plus-a-percentage plan, and I am offering the following suggestion, as I feel certain that it will remove any possibility of scandal if it is advisable to use it on the cantonment and other contracts.

We have found it necessary in our business to devise a form of agency contract in which all financial liability rests with the owner and under which our field forces have a direct incentive to complete work at a minimum cost.

The basic idea of this contract is as follows: Upon determining the amount of work to be undertaken, our engineering department will prepare a detailed estimate covering labor and material expenditures, job overhead and equipment charges. This estimate is placed in the hands of the owner and the amount of our fee or percentage, which is usually 10 per cent, is added to this total. Should the work exceed the estimated cost, we are to contribute one-half of such excess, limiting our liability to the total amount of our fee. In the event that work is accomplished at a price less than the estimated cost, any savings are divided equally between ourselves and the owner. In using this form of contract an allowance is made for increased labor rates or material prices, which of course are added to the estimated cost.

Our experience has been in using this form of contract, that under normal conditions we not only make our full fee, but usually have substantial savings to divide with the owner. In addition to the direct financial profit, we are able to keep our field organization constantly at work to the joint interest of the owner and ourselves.

We have had three years' experience with this form of contract and are now undertaking a large development for the Youngstown Sheet & Tube Co., consisting of a layout of a 65-acre tract, with sewers, streets, sidewalks, and houses, our contract calling for the construction of approximately 200 houses at this time, and up to 1,000 houses at a later date.

We are also entering into some form of arrangement with the Sage Foundation at Forest Hills, and with the New York Central Lines on a large terminal development.

Yours, very truly,

W. W. Boyd, Jr., *President.*

George R. Kurrie, Bureau of Yards and Docks, Navy Department, Washington, D. C. (pp. 1142–1146):

Have been in the Navy Department since June 26, 1917; supervising engineer in charge of the Construction Division, in reality the contract section of the Bureau of Yards and Docks. Am a civil engineer, both practicing and as contractor. I had nothing to do with the formulating of the so-called cost-plus contract, used in the construction of cantonments. Am familiar with it; also with the

forms of contract used by us. We use a form, in which we consider we have ample safeguards. I am submitting samples of various types (pp. 1142–1143).

On the letter received by you from Rear Admiral F. R. Harris, dated October 17, 1919, in reply to your letter dated October 15, 1919, I recognize Admiral Harris's signature.

EXTRACTS FROM ADMIRAL HARRIS'S LETTER.

FIFTH NAVAL DISTRICT, AIDE FOR PUBLIC WORKS,
Norfolk, Va., October 17, 1919.

Hon. JOHN C. MCKENZIE,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: Replying to yours of the 15th relative to the report of the Emergency Construction Committee, of which Col. W. A. Starrett was chairman, in the conclusions of which the committee representatives of the Navy Department did not coincide, I am not now Chief of the Bureau of Yards and Docks, nor have I immediately available for reference the records and files of that bureau.

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Before, however, entering the conference I instructed the officers that they were not authorized to join with the construction committee on any basis of performing work without restriction on a cost-plus percentage contract or to bind ourselves by the selection of the emergency committee of contractors where cost-plus percentage contracts were used. The reasons for this were that, as chief of bureau, I held that the requirement of competitive bids should be adhered to, even though we were at war, as long as it was possible to do so; that that should be the policy of the bureau; and that we would change this policy only in specific cases where we could not obtain competitive bids or where the expedition required, for the time at our disposal would not permit of competitive bidding and where the particular war-emergency character of the work justified a variation from the policy. And in further instructions to these officers I told them that the bureau's policy, when it had to resort to percentage work, would be, firstly, to attempt to place the work with experienced and responsible contractors established and doing business in the locality where the work was to be performed; that is, to give preference to the local contractors of standing and experience; and, secondly, to try to confine the giving of percentage work to contractors, who had done contract work for the bureau on a lump-sum basis and were ready, where possible, to continue to do work on such basis.

This question of policy was discussed by me with the Secretary of the Navy on several occasions, who agreed with these conclusions; namely, that percentage work should not be resorted to except when absolutely necessary, and never as a general policy, and that in the performance of it, when absolutely necessary, local experienced contractors would be chosen and the work distributed. My reasons—and, I think, the Secretary's also—for such conclusions were that the performance of percentage work destroyed the contractor's initiative, and especially his personal interest in the prosecution of work economically; that it would result in demoralization of his entire organization, which he could not control, however hard he might try, in high costs, large waste, considerable loafing, and competition between contractors to secure material and men, irrespective of the cost to the Government involved; and that it would result, also, in the charge of favoritism and dissatisfaction on the part of those who had not been intrusted with percentage work. It was believed that our policy of distribution of percentage work, where such work was necessary, and its award to local contractors, would, to a considerable extent at least, overcome any imputation of favoritism and consequent dissatisfaction.

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The pressure on me as chief of bureau to give way on this policy became so great that at one time I informed the officers on duty at the bureau under me that I would reserve to myself the sole right of passing on the need of making exceptions to the policy adopted and of submitting recommendations covering the performance of certain work on a cost-plus basis when I was convinced that such need existed, and that I would be compelled to transfer to other duty officers of the bureau who urged a departure from this policy.

Undoubtedly under this condition, a considerable amount of the bureau's work which was let on a lump-sum basis suffered as regards delays and expedition of eventual completion. From developments, this result was inevitable, as the great mass of public work being performed by the Army and the Fleet Corporation on a percentage basis and sure profit to the contractors was more sought after by contractors than the work of the Bureau of Yards and Docks based on competitive bids. Furthermore, contractors doing work on a competitive basis with the restriction in cost imposed thereby were unable to compete with contractors doing percentage work without restriction in cost.

I can only say that from my experience in the bureau and my experience in the field since leaving the bureau in a district where about $200,000,000 worth of public works has been performed I have been confirmed in my opinion that the usual form of percentage contract may indeed result in speed but surely results in extravagance, waste, with its consequent excess cost, and in demoralization of the contractor's organization, both supervisory and even down to the common labor employed—in short, in low productivity, practically all incentive for earnest effort toward economical production being removed (p. 1145).

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F. R. HARRIS,
Rear Admiral, C. E. C., United States Navy.

ALLEN W. CROWELL, Washington, D. C. (pp. 1146–1149):

I am a civil engineer employed in the construction division of the War Department, in charge of the drafting section of the engineering division. I have supervision over about 55 draftsmen, architectural, engineering, mechanical, electrical, and topographical. In 1917 I undertook the planning and laying out of the various cantonments (p. 1046). I mean the location of the buildings and utilities; not the designs of the buildings themselves. They were designed prior to my coming to Washington, which was May 21. I think they were designed in the office of the Quartermaster General. The plans were completed prior to my starting in with the Government. It was my duty to assemble the buildings, or arrange a layout, planning the utilities and additional construction work that might be necessary to make the cantonment complete (p. 1047). I could take care of making the layout and all the utilities in a week. We had what we called a typical cantonment, but we had to make special designs for each cantonment on account of the topography. Our force was sufficient to make such complete additional plans in a week. For a camp simply located as Upton, a month would be a maximum (p. 1048). Bear in mind that we had a very small force at the time. My particular duty was to lay out the entire plans for the camp, which would include all the various buildings, roadways, sewer systems, electric light systems, and everything, in short, that was necessary to make a completed camp. Yes, sir (p. 1049).

JAMES A. WETMORE, acting supervising architect, Treasury Department (pp. 1150–1156):

I am in charge of that office, and supervise the designing of public buildings. The Government owns upward of 1,200 various kinds of buildings, such as post offices, courthouses, customhouses, etc. (p. 1152). We have had some contracts under the purchase-and-hire method, where the Government has bought the material and then made a lump-sum contract for the labor. I am not familiar with the form of cost-plus contract used in cantonment construction, but the objections that I see to a straight cost-plus contract would be;

first, the uncertainty as to the contract, as to what it would cost, the opportunity of favoritism in selecting a contractor, the demoralizing effect that that form of contract would have on the workmen on the job (p. 1052). The opportunities for fraud, padding costs, would be greater in that form of contract. There is another objection, a serious objection, and that is a lack of incentive on the part of the contractor to economize.

Now to the extent that those things are overcome by the contracts in use, the cost-plus contract would be more in keeping with what the Government would ordinarily expect to use in contracting work. As I have said, I am not familiar with the contract forms in use in the departments, and to what extent they have protected themselves in their later contracts against those conditions, but with a contract that is simply one that makes provision for the payment of the cost to the contractor to do the work plus a profit, there is always perhaps an inducement to make the work cost more than it would otherwise; certainly the incentive is not there to make it cost as little as possible, as would be the case if the contractor were doing it at a lump sum on his own account.

I have spoken about the demoralizing effects of that kind of a contract on the workmen. Workmen when they understand that less than a day's work is profitable to their employer are apt to soldier on the job, and perhaps are not apt to be called to strict account for doing so.

Mr. McCulloch. Which might be, and probably would be, a very important element entering into the ultimate cost?

Mr. Wetmore. Yes, sir (p. 1053).

I included in the few cost-plus contracts that I have entered into a liquidated damage clause in any contract over $2,000, no matter what its form. That is an important provision in our work.

I don't recall ever being consulted during the war period by the emergency construction committee or the general munitions board as to the form of contract to be used in the construction of cantonments.

Yes; we have done some temporary buildings of simple construction for our quarantine stations, sometimes used in cantonments, and we furnished the plans and specifications used for them (p. 1153). During the war, from the time of declaration, we had a considerable force of expert draftsmen and employees, who would be able to carry on the work of formulating plans and specifications and arranging the layout of buildings. We were called on to do some work for the Navy Department, but, without investigation, I find that we were called on to do none in connection with the cantonment work of the War Department (p. 1154). If a clause eliminating the fee was in the contract, it would make the contract much less objectionable than the straight cost-plus would be. The objection would not be so strong or so forcible concerning the lack of incentive for doing the work at the lowest possible cost (p. 1155).

Capt. Robert B. Field, Quartermaster Corps, United States Army (pp. 1156–1158):

Became connected with the Military Establishment in July, 1917. Am a licensed architect in the Engineering Division of the Specifica-

tion Department. Our force is divided in this way: Each utility, whether sewer, water, electrical heating, or what not, is controlled by an engineer who prepares both plans and specifications. He prepares the specifications for the general construction work and correlates them all in one. They are passed over to me and I check over and bring them together.

I am familiar with the character of the work that was done in getting out the specifications for one of these cantonments, known as divisional cantonments (p. 1156). I was obliged to write the specifications for those. They were the same type of buildings as the cantonment buildings, and that first group at Reedy Island, I think, took two days. I have written on some projects, under great stress, within a day—the specifications. But those things are handled now, since my organization is completed, by having the standard plan and being able to use that more carefully worded specification as a block upon which to form—to adapt a given project (p. 1157). After the different items of information, on which the specifications were based, were laid before me, it was only a matter of a few days to get at the specifications (p. 1157). The character of the buildings was about as simple as they could be. This was, first, because of the large quantities of material required, and they were also made as simple as possible in order that everything might be gotten speedily.

Mr. DOREMUS. Could you under any circumstances have prepared plans and specifications for the construction of the cantonment before you knew where it was to be located?

Capt. FIELD. We could prepare drawings of the buildings themselves; the layout plans could not have been prepared until the proper survey had been made.

Mr. DOREMUS. As a matter of fact, the only thing you could do, or anybody else could do, would be to prepare the drawings for the barracks, which as you say was comparatively simple?

Capt. FIELD. Whatever buildings might be required.

Mr. DOREMUS. Which was a comparatively simple proposition?

Capt. FIELD. They were comparatively simple; yes, sir (p. 1158).

SERIAL 3, PART 18.

WASHINGTON, D. C., *Saturday, October 25, 1919.*

Maj. GEORGE QUINCY PETERS, Military Intelligence Division, General Staff (pp. 1164–1166):

I am chief of the fraud section of the Military Intelligence Division, charged with prevention of fraud and graft in, or connected with, the Army. I regret very much that we were not in operation at the time the construction work and performance of the contracts for the construction of the cantonments was being done.

This section was formed in the spring of 1918. The only reports which I have not showed to an investigator from your committee, and they are absolutely valueless, except for a name or two that helped in checking up further. I have looked through the records, and found no reports on the two camps about which inquiry is being made, Camp Sherman and Camp Grant.

Maj. Gen. WILLIAM M. BLACK, Chief of Engineers, United States Army (pp. 1166–1179):

Have been in the Regular Army since June, 1873. My whole service, since the Corps of Cadets, has been in the Corps of Engineers.

Prior to the war, the Quartermaster Department was intrusted with the construction work at our Army posts (p. 1166). I know that in laying out an entirely new cantonment, there would be a great deal of pure engineering work in addition to ordinary building construction required, so immediately after war was declared, I went to Gen. Sharpe, and laid the matter before him, stating that there were two fairly distinct classes of work that would be required in each of these large cantonments. One, the engineering work connected with the building of water systems, sewers, and roads, and the other the construction work which his department had been doing right along, and I suggested that we could get the best results by him taking charge of the construction and my department taking charge of the engineering. That matter met with his entire assent. Shortly thereafter the Consruction Division was formed under Gen. Littell. I went to Gen. Littell. He told me he did not have men to help him, who could help him. I transferred 68 officers to him. Since we had given skilled engineers to Gen. Littell, it was unnecessary for me to go ahead on the agreement made between Gen. Sharpe and myself, and nothing further was done.

In the summer of 1918 we were called on to furnish a large number of railroad replacement troops at Fort Benjamin Harrison and Fort Leavenworth, and there were insufficient quarters and barracks there as well as at Camp Humphreys. The Operations Division stated that they only had so much money to spend and that under the estimate on these barracks it would be im possible to furnish them for all the men which we were ordered to assemble (p. 1167). This gave me a proper reason for looking into their costs, because the further I could make a certain sum of money go the more of my men would be sheltered, and that is the only reason I had to look into the Construction Division work. I made a number of investigations with regard to that. I found the cost at which the Navy had constructed quarters similar to those I desired to build for our troops. We got an estimate from a reliable Chicago contractor of $180 per man. The estimate Gen. Marshall gave me for building at Fort Benjamin Harrison was $320 per man. The Construction Department informed me that they could not make a contract without making very extensive preparations in getting up specifications, etc., covering quite an extended period of time, and we told the Chief of Operations that we did not understand why in November—this was November 1, 1918—the Construction Department had not already the full specifications for these buildings, because they were all of the same type exactly as had been used elsewhere and the only change that would have to me made at all would be some slight changes in the foundation, and we could not understand why it would be necessary then to take a lot of time to get up specifications for a contract.

Mr. MCKENZIE. Do you mean by changing the foundation they would have to cut the wooden posts a little longer or a little shorter?

Gen. BLACK. Yes; that was the only possible change in specifications that would be required. The number of buildings would be fixed, their locations could be shown, and the construction could go ahead exactly as it had always done. And then, as you know, the armistice came along and everything was stopped.

Mr. DOREMUS. General, pardon me. I understand you were figuring at that time on construction work at Fort Benjamin Harrison (p. 1168)?

Gen. BLACK. Yes, sir.

Mr. DOREMUS. And that construction merely involved the barracks?

Gen. BLACK. It involved regular cantonment construction—the barracks and the mess halls and the administration buildings, and necessary roads, water supply, and sewerage.

Mr. DOREMUS. Well, it was a building proposition, as distinct from engineering?

Gen. BLACK. Yes; the only engineering that came in there would be the roads, the water supply, and the sewerage (p. 1169).

The construction work was taken out of the hands of both Gen. Sharpe and myself, and put into the new division. I was not consulted at any time about the form of contract used in the Construction Division. It was never submitted to me, nor to anyone in my department, to my knowledge.

Mr. MCKENZIE. One of the explanations given by those who defend that contract was the necessity for great haste, and that they did not have time to make plans and specifications, and it made it absolutely necessary to adopt that particular form of contract. Now, I want to ask you if it is not within your knowledge that prior to entering the war, even back as far as 1916, I think, that plans had been prepared and were published in the Quartermaster manual, or whatever the name of that document is, showing the character of buildings to be used for the housing of troops?

Gen. BLACK. Yes, sir.

Mr. MCKENZIE. Leaving out, of course, such buildings as utility buildings, special buildings, hospitals, and so on and so forth.

Gen. BLACK. Plans had been prepared and published a number of years ago, and as a result of our experience in Texas those were revised just shortly before the war. They were what is called a type plan of construction for cantonments for troops.

Mr. MCKENZIE. Now, I want to ask you whether or not it would have been possible for you, or any one of your engineers, with those plans to have gone on the ground—any one of those sites selected for a cantonment—and begun immediately the construction of that character of buildings without any further plans so far as buildings are concerned?

Gen. BLACK. Why, certainly, sir. That was done in France.

Mr. MCKENZIE. They have asserted, however, that on account of the irregularity of the ground, or as you would say in military parlance, the terrain, perhaps, they wanted to get the utilities that should be figured on. Now, I want to ask you, would it have been possible for you or one of your engineers to have gone on the ground, start one of these ordinary buildings for which you had the plans, and also to have gone to work to a certain extent on the utili-

ties such as the water mains, etc., and sewers, and that at any time after this work had proceeded to a certain extent toward completion that contract could have been let?

Gen. BLACK. Certainly, sir. That is quite possible (pp. 1169–1170).

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Gen. BLACK. Now, I would simply cite something that is well known to all you gentlemen to show that it is quite possible at any stage of the construction of a cantonment, or of a city, or of anything else to put in a water supply, improved roads, and sewers by inviting attention to the fact that all the older cities of the United States were constructed in exactly that way. I was born and raised in Lancaster, Pa. At the time of the Revolution it was a town of such considerable size that Congress, when it was driven from Philadelphia, determined to meet, and did meet, there for a short period. Now, it was not until 1866 or 1867 that the first sewer was ever put in in that town, and the water supply for the city of Lancaster was put in only a few years earlier than that. And that was the history of all our cities. While, if time permits, it is extremely advantageous to have your plans made beforehand, but in the history of civilization it is very rare indeed that any town is built with everything drawn in advance.

Mr. MCKENZIE. It follows then, does it not, General, that it was not necessary at the time of starting construction of these buildings that they know all about the contracts or plans for the utilities, but that they could have gone on to the ground and gone on with the building and prepared specifications and let the contracts for the utility any time afterwards?

Gen. BLACK. Yes; as I say, it is always advantageous and economical to get it completely out in advance, but if you can not do that any skilled municipal engineering man can make his layout so as to conform in general to the drainage lines, and having done that the other follows easily.

Mr. MCKENZIE. And that is your contention why engineers would have done this work just in that way?

Gen. BLACK. Why, they would have; we had to do it in France, and did it (p. 1171).

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Mr. MCKENZIE. The contention, of course, has been made—two contentions have been made; first, that the only way in which this construction could have been done on account of the emergency and the lack of time was by the system in which it was done; second, that it was necessary to have all the plans, including the utilities or sewers and the water and the lights and everything, all figured out before they could have let a contract. Now, as an engineer, do you believe that that is a true statement of the case?

Gen. BLACK. No, sir; if you know the character of any completed part of the work sufficiently to be able to describe it and enabled to estimate the materials and the cost of labor to be built, a contract can be made for that part of the work independently of the part of it that required further study.

Mr. MCKENZIE. Do you believe, General, that there would have been any difficulty in getting contractors to take that work in case they decided they would not do it in charge of the Engineer Corps?

Gen. BLACK. I do not think there would have been any.

Mr. MCKENZIE. And put at least two clauses in it; one that if there was trouble about labor or cost of material the contractor could have that referred back for adjudication, do you believe there would have been any difficulty in getting contractors to do this work?

Gen. BLACK. None at all, sir.

Mr. MCKENZIE. You have seen, of course, a copy of the contract used for the 16 cantonments?

Gen. BLACK. I have never studied it closely.

Mr. MCKENZIE. You have read it over?

Gen. BLACK. Yes, sir.

Mr. MCKENZIE. Do you know of any reasons why it was necessary to strike out of that contract every safeguard so far as the public was concerned and leave it absolutely wide open?

Gen. BLACK. No, sir.

Mr. MCKENZIE. Even while you have used cost-plus contracts?

Gen. BLACK. No, sir.

Mr. MCKENZIE. You know something about their use, and you believe even in that sort of a contract there would be some safeguard?

Gen. BLACK. I have always put them in.

Mr. MCKENZIE. And what were the character of safeguards, General, that you have insisted upon?

Gen. BLACK. I will have to think about that a moment. The last cost-plus contracts I have used were in Cuba in the fall of 1907 and spring of 1908, I have forgotten which, and in that the particular safeguard that I provided was to stipulate that all of the operations of the contractor should be directly under the charge of the contracting officer or his agents, so that if the contractor pursued an uneconomical method of work or paid to much to his labor, or in any way showed a tendency for running up the costs, he could be stopped by the agent of the contracting officer. To give you an example of how that worked: In one of those contracts in Cuba I found that a contractor was using ox teams to draw his materials and thereby increasing the length of time in which the drivers of the teams and the teams themselves were employed, and under the contracts as we had it drawn we compelled him to make use of proper agencies and stopped that increase of cost.

Mr. MCKENZIE. Do you believe, General, that all such contracts should contain the safeguard of bonus for saving, and penalty for overtime, and a guaranty of maximum cost?

Gen. BLACK. It is difficult to answer a general question of that kind, Mr. McKenzie, because I have found that there are no two works, even works of the same general character, in which the contract should be drawn up in exactly the same way. In every case the contract must be drawn so as to safeguard the public money under the conditions that apply to that particular case, and sometimes a condition that applies to a particular contractor. I have been utterly unwilling ever to use the cost-plus contract, unless I knew the man with whom I am making the contract and have a record of his work.

Mr. MCKENZIE. For, after all, it comes down to the point of the contractor's integrity; that is the only safeguard?

Gen. BLACK. Absolutely; and not only his integrity, but his skill.

Mr. MCKENZIE. Would it be practical to put the safeguards in that I have mentioned, General, in your judgment?

Gen. BLACK. I think it would be, sir.

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Gen. BLACK. Every man who has had the experience requisite for making contracts and therefore the experience that would justify his selection for that kind of thing must have such a general knowledge of costs that he will be able to know approximately within the limit for which that work can be done. There are certain unknown conditions, especially in contracts, being made to-day, due to the unsettled state of labor; those conditions we are meeting in all public works now. I am endeavoring to get up a form of contract which will safeguard the contractor and at the same time safeguard the Government, and the unknown condition as to the cost of labor.

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In making our contracts now, I think we will have to put in a clause allowing the alteration of the contract if contingencies of that kind should arise and become not contingencies but facts, and they are intended to be in any proper limit. In other words, suppose we are making a contract for rock dredging under water—and I have a particular instance in mind to-day—that contract is let as a lump-sum contract, or rather a unit-price contract after competition, the unit price being so much per cubic yard of rock removed. Now, the clause that I had thought of adding was that in case the legitimate price or the market price of labor increased or decreased, the contractor and the engineer together could make a supplementary contract modifying the unit cost (pp. 1172–1173).

Mr. DOREMUS. Now, bearing in mind, General, that it was very difficult, if not impossible, under the conditions which prevailed in April and May of 1917, to get intelligent estimates of the cost of completed cantonments, could it have been practicable, or could the constructing officer have inserted in the cost-plus contract a clause, or what you call a bonus for saving clause?

Gen. BLACK. I don't accept your premise. In the beginning of 1917 it was quite possible, and without undue delay, to have formed such a close approximation to the price of any one of those things by the unit cost as to have made a contract for it by unit cost (p. 1174).

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Mr. DOREMUS. Now, that being true, would you have intrusted the construction of a great camp, and do you think you would have selected some railroad contractor?

Gen. BLACK. That just depends on his experience. The work is all very simple, very simple, indeed, and, you know, one way in which engineers' estimates are made up is by the cost of so many thousand feet board measure of lumber in place. Now, you can make a perfectly good contract with that as a basis, and it can be just as big or just as little as you want. It isn't necessary to say that you are building a cantonment that will cost a hundred thousand dollars, but you can ask for bids upon this cantonment on the basis of per thousand board feet in place.

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Mr. DOREMUS. Then, I think it is true, is it not, General, that few, if any, sites had been selected at the time this form was adopted?

Gen. BLACK. I have no personal knowledge. Camp Lewis was selected in January, 1917 (p. 1175).

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Mr. DOREMUS. Well, we merely want to get your views of this matter, General. As I understand it, you are convinced that it would have been possible at that time to have adopted a lump-sum contract?

Gen. BLACK. Make it a unit-cost contract. I would prefer that. I don't think we ever put in a lump-sum contract. It is very rarely that we did.

Mr. DOREMUS. It is all on a unit-cost construction?

Gen. BLACK. Yes, sir (pp. 1175–1176).

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Mr. DOREMUS. And, as a matter of fact, the contract did fix the fee, the maximum fee that a contractor could receive at $250,000. Taking into consideration a maximum fee involved, would you consider that a safeguard in the interest of the Government (p. 1176)?

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In all of my work, before obtaining the specifications at all, I endeavor to estimate the cost, what would be the cost of the work based on the prices prevailing for both labor and materials, and on the time that would be consumed, and the way to get at that is by the method of the unit cost (p. 1177).

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Mr. DOREMUS. Now, General, getting back to the particular question I asked you a moment ago, regarding this limitation of the contractor's fee, bearing in mind that this is a cost-plus contract, cost—plus a percentage of the construction—are we to understand that you do not consider a limitation in the contract, of the contractor's fee, a safeguard?

Gen. BLACK. I can't see how it can be a good safeguard, unless the contracting officer had sufficient knowledge of what that work would cost to enable him to make a contract of another form, because if he didn't have that knowledge, I would think that that was no safeguard, as the increase in cost went up, unless you put it so low that it would be unfair to the construction contractor.

Mr. DOREMUS. But, General, in this particular contract, there was no price, no fees fixed at all. It was a cost plus a percentage of the cost of the contract. The contractor was to be paid a certain percentage of the cost of the work, regardless of the size or magnitude of the job. Now, you don't seriously contend, I think, that the placing of a limitation upon the amount the contractor could receive was not a safeguard?

Gen. BLACK. I can perfectly well conceive of its being absolutely the reverse. If the Government puts what may be termed upset prices on that, there would be every inducement of the contractor to come up to that price. It would be an intimation on the part of the Government that they deemed that a fair price.

Mr. DOREMUS. Right in that connection, General, I call your attention to the fact that the cost-plus contract which was used in the construction of these 16 cantonments graduated the percentage of the fee to the contractor downward as the cost of the work increased.

Gen. BLACK. I don't think that is sufficient. It is a safeguard in a way, but it is not a sufficient safeguard.

The only safeguard that you can really put on a cost-plus contract is to keep an estimate and have the contracting officer control all methods of prices used by the contractor (pp. 1177–1178).

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I only want to give one other thing which answers, also, and is given from the records of the War Department. At Camp Dix, N. J., Col. Malcolm, of the Corps of Engineers, was engaged in organizing and training a regiment of Engineers. He found that that regiment needed a training hall and various other exercisory buildings that were not furnished. He found a great pile of cull lumber, rejected after purchase as being unfit for use. He got the authority from the commanding officer to make such use of that cull lumber as he desired, both for the purpose of helping train the troops in construction work, because he knew he would have construction work when he went abroad, and to increase the accommodations for his troops, and he built some buildings down there which filled their purpose admirably, and when his regiment was ordered away from Camp Dix those buildings were sold to, I think, the Knights of Columbus, for $8,000, which went into the regimental fund of that regiment. These buildings were made out of cull lumber which had been rejected.

Now, you can see that right there is one danger of the cost-plus system, because after it was paid for, the lumber was culled out and more lumber was required, which causes higher pay (pp. 1178–1179).

Frank C. Morse, Tacoma, Wash. (pp. 1179–1182):

I was purchasing agent of Hurley Mason Co. from June to October, 1917. Purchased everything that went into the cantonment at Camp Lewis, American Lake, Wash., except what was purchased by the War Department, and the lumber that was purchased through the Emergency Fir Corporation. The price of that lumber was fixed by grades, and all interior plumbing was contracted for by the War Department, through Crane & Co., not only for American Lake, but, I understood, for all (p. 1179). I purchased other supplies, not covered, and purchased them on bids. To get bids out took me from 20 minutes to 3 hours, and I always let my purchases to the lowest bidder; cut up an estimate. Crane & Co. were among the ones who bid, and sometimes their bidding prices were lower than the others, and sometimes the others were considerably lower (p. 1180).

EXTRACT FROM "REPORT OF BENEDICT CROWELL, THE ASSISTANT SECRETARY OF WAR, DIRECTOR OF MUNITIONS, ENTITLED 'AMERICA'S MUNITIONS, 1917–18'"; PAGE 542.

Only a builder of secure financial standing could handle such a construction contract. Frequently his pay roll and current bills for supplies amounted to half a million dollars in a week. Let the Government delay a few days in its payments to him and he might find himself obliged to raise $1,000,000 in cash on the instant to meet his immediate obligations.

To avoid such embarrassments, the construction division adopted the policy of paying its bills the day, and sometimes the hour, they were incurred. At each cantonment job it stationed a disbursing officer with a check book. This officer reported by telegraph each night, and the next morning there was deposited to his credit in the Treasury a sum of money sufficient for his im-

mediate needs. On numerous occasions this officer paid for materials the instant they were unloaded from the cars and checked. The Government maintained an auditing organization at each job. This organization checked and inspected all material as it was received, comparing the delivery in each case with the original order, and counted the workmen at least twice a day (p. 1185).

(Extract from the First Annual Report of the Council of National Defense for the fiscal year ended June 29, 1917, pp. 24 and 25:)

Immediately it becomes apparent that the ordinary method of advertising for bids and awarding the contracts to the lowest bidder could not be followed because of the necessity of getting the work under way at once prior to the development of completed plans and specifications which could be used as a basis for competitive estimates. In other words, construction and design would have to go concurrently, especially since the sites for these cantonments had not even been determined. Since no form of Government contract met this situation, a new form had to be developed.

MOBILIZING THE CONTRACTORS.

In collecting the information necessary for drawing a workable and satisfactory contract, the committee invited to Washington and interviewed a large number of the leading engineers and contractors of the United States, discussing with them the desirable features of such a contract, and particularly the matter of compensation. The result of this study was embodied in a report, dated May 9, which outlined the principle which seemed to the committee desirable to embody in such a contract. This report was brought before the General Munitions Board, was discussed, certain changes were suggested and embodied, and the matter again brought before the General Munitions Board and the report approved. After which the committee, in cooperation with the legal committee, drew the cantonment form of contract which was approved by the General Munitions Board and has since been used on a large amount of the Government's construction.

A percentage or daywork form of contract is essentially one requiring mutual confidence between the parties thereto. Accordingly it was desirable to obtain rather intimate facts regarding a large number of contracting firms, * * * since the basis of the award of emergency contracts was to be the capacity and capability of various contractors rather than competitive estimates (p. 1183).

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(Extracts from minutes of the Council of National Defense, p. 50:)

The Council of National Defense has been established for the purpose of coordinating industries and resources for the national security and welfare, as shown in the attached copy of the act. As a preliminary step in this program, I suggest that the ——— ——— appoint a committee of not more than three men to represent your industry, including both those in and outside of the organization, and form a channel through which contact may be made between the Government and the ——— industry.

I would suggest that such action as may be necessary be taken by your organization that the names of this committee may be on record with the council within 10 days. In the near future I may request that these representatives come to Washington to consult with the council and commission.

Page 51:

It was voted further that the commission recommend to the council that the director inform Commissioners Baruch and Rosenwald of the industries which are not organized, and with which it is desirable that the council establish relations, and obtain from them the names of those individuals to whom a letter should be addressed, similar in character to the foregoing (pp. 1183–1184).

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Page 175:

The director read the following resolution:

"*Resolved*, That the General Munitions Board recommend to the Council of National Defense that authority be given this board to create a compensation committee with authority to establish forms and methods of compensation in connection with cost-plus percentage contracts; such board also to adjust the difference which will arise from time to time on such contracts."

It was moved by Secretary Lone, and so voted, that the Council of National Defense empower the General Munitions Board to appoint a committee to devise methods by which costs may be ascertained (p. 1185).

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(Extract from minutes of General Munitions Board meeting of June 15, 1917, p. 298:)

It was moved by Col. Hodgson, and seconded by Col. Blunt, that a base price of $20 per thousand for Southern pine, and $22 per thousand for Carolina pine be approved by the board as fair and reasonable. This action was carried (p. 1187).

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(Extract from minutes of General Munitions Board meeting of Apr. 4, 1917, p. 14:)

The board was advised that the Federal Trade Commission had presented a plan covering purchase on a cost-plus basis for the consideration of the council, which plan will come to the board when crystalized (p. 1188).

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(Extract from minutes of General Munitions Board meeting of Apr. 25, 1917, pp. 119-120:)

Whereas in the work of the General Munitions Board it has become increasingly evident that a broadening of the scope and authority of this body is essential to the efficient operation of the board and to the best interests of the governmental departments; and

Whereas it is necessary that the Council of National Defense more clearly define the authority of this board in regard to the fixing of prices, the letting of contracts, the adjustment of priority requirements and such other matters as are involved in the procurement of supplies: Now, therefore be it

Resolved, That the advisory commission recommend to the Council of National Defense * * *

"(3) That the General Munitions Board be accorded full power of the Secretaries of War and Navy Departments to determine what are fair and just prices to be paid by the Government for materials and finished products when called upon to do so by any bureau or department head (p. 1190).

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The next is from the minutes of May 15, 1917, at pages 190 and 191, which is as follows:

Mr. Starrett spoke of the work of the emergency construction committee which had the plan of construction of cantonments in charge, and it was pointed out by Mr. Starrett that the location of camp sites and decisions as to the type of buildings and the necessity of relieving Col. Littell, of the Quartermaster Department, from all work but cantonments, was most essential.

The next is from the minutes of May 17, 1917, at pages 197 and 198, which is as follows:

Committee membership: A communication from Mr. Lundoff requesting that he be relieved from the chairmanship of the emergency construction committee on account of his inability to give his entire time to the subject but advising that he is willing to continue his service on the committee was presented and action in line with Mr. Lundoff's suggestion approved.

Mr. W. A. Starrett was appointed chairman of this committee in place of Mr. Lundoff.

And, in this connection, from the minutes of June 29, 1917, at page 345, which is as follows:

Emergency construction committee, resignation of Mr. C. W. Lundoff: Mr. Lundoff's resignation dated June 27 was accepted.

The next is from the minutes of May 22, 1917, at page 215, which is as follows:

Committee membership, emergency construction: The secretary reported as to the request from Mr. Starrett, chairman of the emergency construction committee, that the board sanction the appointment of Mr. F. L. Olmsted and Maj. Kelley as members of his committee, which action was approved (p. 1190).

The next is from the minutes of May 25, 1917, at pages 230 and 231, which is as follows:

Cantonments: A report was presented by Mr. Starrett, of the emergency construction contract committee, calling attention to certain lines of industrial activities, the products of which were necessary to the building of these cantonments, and with which activities the board had no direct contact.

Mr. Starrett's report was to the effect that duly authorized committees representing these various activities be appointed. A general discussion took place during which the various material needed in the cantonments was discussed, and it was stated by Mr. Starrett that plans had been made for lining the wooden buildings that would prevent exposure and be an insurance against check and cracking.

Mr. Starrett was requested to draw up a plan showing definitely the organization of the various committees suggested and required for the cantonment work, which scheme was to be presented to the board for approval (p. 1190–1191).

* * * * * * *

The next is from the minutes of June 15, 1917, at pages 296 and 297, which is as follows:

Emergency construction committee: A letter dated June 12, over the signature of J. R. Kilpatrick, regarding his present status as an assistant to the above committee, was submitted to the board.

Mr. Starrett advised that the Thompson-Starrett Co. is now being considered for a contract for the construction of a cantonment, but advised that Mr. Kilpatrick is not a member of the committee.

It was moved by Col. Hodgson, duly seconded and carried, to the effect that the board could see no objection to Mr. Kilpatrick's connection with the committee on emergency construction.

The next is from the minutes of June 29, 1917, at page 348, which is as follows:

Committee on emergency construction, coordinating Government building program: A memorandum dated June 26, from Mr. Starrett, was submitted to the board and ordered that copies be sent to the various departments interested for report as to the amount of work under contract in the various departments, length of time necessary for completing these contracts, and firms with whom contracts are placed (p. 1191).

* * * * * * *

The next is from the minutes of July 28, 1917, at page 451a, which is as follows:

Copy of a telegram forwarded July 2, 1917, to President Woodrow Wilson at the White House, Washington, D. C., from Mr. Julius Rosenwald:

DEAR MR. PRESIDENT: It is for the most vital importance that the rider in the food bill referring to the Advisory Commission and its method of securing supplies be stricken out. To cast suspicion on men in many industries who without exception have been eager to serve the Government rather than themselves would destroy a spirit which should be encouraged. The committees

representing these industries have succeeded in instilling and securing loyalty to the Government from many in their own lines that could never have been produced under the old system. Even at this early stage of the war the savings of the Government due to the desire to serve, runs into many tens of millions of dollars, having been instructed with a responsibility to protect and serve their Government interests a patriotism has been aroused in these men which is absolutely necessary to secure rapid production.

It is probably impossible to devise any plan which is dishonesty proof, but any man of standing in his profession or industry will sacrifice everything rather than to be unfaithful to his trust. At any rate, such has been my experience with the men who have served as advisers to the commission which I have had the honor to appoint. The present system should not be destroyed until a better one is found. If changes in method are desirable they can be made after proper investigation. It is vital that the cooperation which has already been established should be maintained, and furthermore, it is of greatest importance that confidence exist between Government and industry and that suspicion which has existed on the part of both eliminated (p.1191-1192).

JULIUS ROSENWALD.

The next is from the minutes of July 30, 1917, at page 454, which is as follows:

Cantonment contractors, Quartermaster training camp at Manassas, Va.: Supplementing instructions regarding the recommendation for contractor to build the above camp, acted upon by the board on July 28, it was ordered that the suggestion to Col. Littell concerning the percentage of profit to be allowed the George A. Fuller Co. for this work should originate as a part of the board's recommendation and should not originate from the committee on emergency construction, this to relieve said committee of any responsibility in connection with the rate of compensation to be allowed a contractor (p. 1192).

* * * * * *

(Exhibit E. C. C. No. 1:)

[Copy.]

MAY 11, 1917.

To: The General Munitions Board.
From: The Committee on Emergency Construction of Buildings and Engineering Works.
Subject: Suggested change in design of cantonments.

The design for the building of cantonments about to be built indicate the use of one-story buildings throughout. While this type of structure may have certain advantages, your committee feels that two-story buildings would present many economies. We understand that Col. Littell has already taken up the question of changing from one-story to the two-story type, and if this change meets with his approval your committee would most strongly recommend it.

The advantages of the two-story type are as follows:

1. Saving in lumber and roofing, through making each roof shelter twice the usual area.
2. Saving in length of roads to be built throughout the cantonments, because buildings would not be spread over so great an area.
3. Saving in water mains, etc., for same reasons as above.
4. Saving in fuel, as the buildings would not be so difficult to heat.
5. Saving in general administration expense because of more compact arrangement.

Your committee understands that there are to be from $75,000,000 to $90,000,000 worth of these cantonments built. A rough estimate indicates that several million dollars could be saved if the type of design were changed.

Your committee has been credibly informed that the Canadian Govenment has adopted this type of construction throughout its cantonments and that they have been regarded as entirely satisfactory (pp. 1192-1193).

W. A. STARRETT, *Chairman.*

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(Exhibit E. C. C. No. 2:)

The next is marked "Exhibit E. C. C. No. 2" and is as follows:

COUNCIL OF NATIONAL DEFENSE,
Washington, May 12, 1917.

Memorandum for Maj. Pierce.
Subject: Suggested change in design of cantonments and suggestions for facilitating construction.

In accordance with action of the General Munitions Board, attached herewith are two copies from the committee on emergency construction of buildings and engineering works, to which you and Col. Hodgson are requested to give your attention (p. 1193).

———— ————,
Assistant Secretary, General Munitions Board.

* * * * * * *

(Exhibit E. C. C. No. 4:)

(In pencil:) I. C. D. Q. 99. 652 General.

MAY 18, 1917.

Col. LITTELL: Herewith is presented a design for a two-story barrack to hold 150 men, This plan has been worked out with the idea of economizing in the ground area necessary for a regimental camp and in the length of roads and water and sewer line.

The mess hall and kitchen have been incorporated in the same building with the dormitories and the lavatory built in the rear and one story in height, is connected with the main building by a covered passage.

The dormitory space is divided into six rooms each designed to hold 25 men. The floor area per man in the dormitories has been increased to 34 square feet as compared with 31 square feet in the one-story barrack, while the cubic feet of air per man has been increased from 279 to 323 cubic feet. Using double-tire bunks, as shown, there will be ample floor space for comfortable living. The total cube of the two-story building, exclusive of the lavatory, is 76,841 cubic feet, as against 73,920 cubic feet in the one-story separate barrack and mess buildings.

The first-story dormitories are each provided with two ventilating flues 18 inches square, which run up through the second story and discharge immediately under a continuous ridge ventilator, thus assuring a steady and voluminous movement of air in all parts of the building.

A revised plan showing a typical regimental layout is being prepared and has been carried far enough to indicate that there will be a reduction of from 30 to 40 per cent in the length of the necessary roads and water and sewer lines, and the saving on these features will much more than cover the additional cost occasioned by the slight increase in cubic-foot capacity mentioned above.

In this connection I have just learned through one of the draftsmen in the office, who has been talking with an attaché of the English commission, that in the camp at Aldershot uniform buildings 20 by 60 feet in size, housing 40 men each, are in use. This gives a total of 30 square feet per man, and it will be seen that our plans compare favorably as regards that feature (p. 1194).

T. B. WHEATON,
Advisory Architect.

(In pencil:) $5,400 uncelled; $5,900 celled.

(Extract from a publication issued by the Construction Division of the Army, entitled "Emergency construction, conclusions and recommendations, abstracted from the reports on the construction of the National Army cantonments and National Guard camps," being a report signed by Lieut. Col. Philander Betts, Quartermaster Corps, and dated July 1, 1918, containing recommendations and suggestions for future conduct of the work, or as to contracts for work, which is as follows:)

182. The following main features are suggested for future contracts:

(*a*) Reimburse the contractor for the actual expense of assembling and moving the plant.

(*b*) Reimburse the contractor for the actual cost of the work, plus a fixed sum for superintendence and profit, the fixed sum to be a percentage of the estimated cost of the work.

(*c*) Give the contractor a percentage of all saving made on the work, this percentage, if possible, to be exempt from all war-profit taxes. Perhaps it would be feasible to assign a value to a day and give a bonus for earlier completion.

(*d*) The estimated cost would have to be made up in detail for different types of structures, so that adjustments could be made if units were added or subtracted. The savings, if any, would have to be made on the cost of the units and not by decreasing the work. In order to reduce the cost of work, the contract must be drawn so that every reduction in cost will result in additional profit to the contractor (p. 1194).

(Extract from the completion report of Camp Sherman, Chillicothe, Ohio, by Maj. Ward Dabney, major (Infantry), Quartermaster Corps, constructing quartermaster:)

60. Contracts and contractors: The contracts for building all roads in the cantonment was on a cost-plus 10 per cent basis. We feel that the contractors did not use the same diligence either in expediting the work or in the holding down of the expenses that they would have done on some other form of contract under which it would have been to their advantage to push the work and keep the expenses as low as possible. However, under the conditions existing here, this was the only form of contract practical, if not possible (p 1194).

(Extract from completion report of Camp Sherman, Ohio, up to December 31, 1918, by Maj. W. A. Swallow, Quartermaster Corps, constructing quartermaster No. 104:)

104. If any new construction is contemplated, it is strongly urged that the work be done under direct supervision of constructing quartermaster organization. It is recommended, for the sake of efficiency and to reduce the great overhead expense, that in all future construction the contractor be eliminated. The organization of the constructing quartermaster is capable of directing the construction of any work that may be authorized, and if authority be granted to hire the necessary labor, work can be done in a manner that will be far more satisfactory in every way than endeavoring to deal through a contractor (p. 1195).

Extract from the publication containing the recommendation by the interdepartmental conference consisting of delegates from the Departments of War, Navy, and Commerce, the Federal Trade Commission, and the Council of National Defense, entitled "Uniform contracts and cost-accounting definitions and methods," which is as follows:

WASHINGTON, D. C., *July 31, 1917.*

The following recommendations on contracts and costs have been approved for submission to the departments of the Government by an interdepartmental conference composed of the following members:

DEPARTMENT OF COMMERCE.

Chairman, Mr. J. Lee Nicholson, Chief of Division of Cost Accounting, Bureau of Foreign and Domestic Commerce.

Mr. Burwell S. Cutler, Acting Chief Bureau of Foreign and Domestic Commerce.

DEPARTMENT OF WAR.

Maj. Gen. H. G. Sharpe, Quartermaster General.

Col. I. W. Littell, Office of the Quartermaster General.

Lieut. Col. H. M. Lord, Office of the Quartermaster General.

Maj. William Kelly, Office of Chief Engineer.

Lieut. Col. J. E. Hoffer, Ordnance Department, Gun Division.

Maj. L. W. Blyth, U. S. R., Ordnance Department, Cost Accounting Section, Finance Division.

Capt. A. M. Holcombe, U. S. R., Ordnance Department, Small Arms Division.
Capt. A. P. Osborn, U. S. R., Ordnance Department, Legal Section, Finance Division.
Capt. E. A. Hamilton, U. S. R., Ordnance Department, Purchase and Contracts Section, Gun Division.
Capt. E. A. Shephard, U. S. R., Ordnance Department, Small Arms Division.
Capt. A. E. Downey, U. S. R., Signal Corps.

DEPARTMENT OF THE NAVY.

Naval Constructor J. H. Linnard, Bureau of Construction and Repair.
Pay Inspector David Potter, Compensation Board.
Paymaster G. P. Auld, Bureau of Supplies and Accounts.
Civil Engineer C. D. Thurber, Bureau of Yards and Docks.
Lieut. H. T. Dyer, Bureau of Steam Engineering.
Lieut. N. W. Pickering, Bureau of Ordnance.
Mr. C. S. Ashdown, Bureau of Supplies and Accounts.

FEDERAL TRADE COMMISSION.

Mr. Francis Walker.
Mr. R. W. Gardiner.
Mr. D. L. Wing.

COUNCIL OF NATIONAL DEFENSE.

Mr. W. S. Gee, Aircraft Production Board.
Mr. R. L. Montgomery, Aircraft Production Board.
Mr. J. H. Harris, legal committee, Aircraft Production Board.

COUNCIL OF NATIONAL DEFENSE—WAR INDUSTRIES BOARD.

Mr. J. E. Sterrett, accountancy committee.
Mr. A. W. Teele, accountancy committee.
Mr. H. A. Niles, accountancy committee.
Secretary, Mr. H. P. Seidemann, Institute for Government Research.

UNIFORM CONTRACTS AND COST ACCOUNTING DEFINITIONS AND METHODS (PP. 1195–1196).

RECOMMENDATIONS ON CONTRACTS.

These recommendations are intended to suggest to contracting officers some of the broad legal and equitable points involved in war contracts, and to express the preference of the conference for a straight purchase-and-sale contract at a fixed price, since it is simpler in terms, easier to work under, and, generally speaking, productive of better and quicker results. The British Government, after several years' experience, has discarded the cost-plus contract plan and adopted the straight purchase-and-sale contract in every instance possible. It is not proposed to go into the large question of policy involved in attempting to prevent demoralization of markets by excessive competition. Suffice it to say, that the Government can furnish material and component parts under either a fixed-price or a cost-plus contract, and thus protect market conditions by purchases in bulk:

Recommendations and brief discussion follow:

1. It is recommended that, in every instance where fair terms can be obtained, contracts should be in the form of straight purchase-and-sale contracts at fixed prices.

In the determination of "fair terms" for fixed-price contracts, the contractor, in so far as possible, should be required to state the cost and other factors upon which his price is based; such representations to be the subject of investigation by the contracting officer prior to the final execution of the contract, and if found to be incorrect, the price to be adjusted accordingly.

What constitutes "fair terms" can be arrived at only by consideration of many factors, such as:

(1) The quality and quantity of the articles purchased.

(2) Whether or not the plant is adaptable to business other than war business.

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(3) The duration of the job and the length of time the contractor's plant and capital will be tied up. Also the amount of capital tied up in comparison with the particular output contracted for.

(4) The possibility of fluctuations in material and labor costs with attendant risk to the contractor.

(5) Loss in commercial business by taking Government work, which must be given precedence; disarrangement in plant organization and labor conditions.

(6) Comparison with prices of other manufacturers, competitive bidding, etc.

(7) The prosperity of the trade and of the particular contractor.

In certain instances where the article is standard, ordered in bulk, deliverable promptly, a profit amounting to 10 per cent of costs is unreasonably high. In other instances where the quality of the job is high, the quantity small, or where the job ties up the contractor's plant and capital for a long period of time, or where the material and labor risk is considerable, or for other similar reasons, such 10 per cent profit may well be unreasonably low.

Again, in agreeing upon "fair terms" the following factors should be considered, any or all of which greatly aid the contractor and should tend to lower the price:

(1) United States to supply material or component parts.

(2) United States to readjust price in the event of fluctuations in price of material or component parts resulting in increased costs.

(3) United States to readjust price in the event of labor disputes resulting in increased labor costs.

(4) United States to make frequent payments to reimburse the contractor for expenditures for material, component parts, or the like.

To skimp fair terms will inevitably tend to cause contractors to lose interest in production and disturb general business conditions. Fair terms can only be determined by consideration of these general principles as well as the special factors indicated above that may apply to the particular production contracted for.

II. It is recommended that a standard form of straight purchase-and-sale contract at a fixed price be adopted for use wherever practicable. It should contain clauses which will deal with the following subjects:

(1) Method of delivery; storage of production; shipment to point designated.

(2) United States to pay for raw material when delivered to contractor.

(3) United States to have the right itself to supply material and component parts.

(4) United States to adjust price on increased material costs above estimated costs.

(5) United States to adjust price on increase in labor costs.

(6) Liquidated damages.

(7) War clause termination.

Although a straight purchase-and-sale contract for a fixed price adjusted as indicated is greatly to be preferred, nevertheless in numerous instances the United States will be obliged to obtain production by paying for the entire cost of the same and, in addition, a fair profit to the contractor. Such cost-plus contract may be necessary under the following conditions (pp. 1196–1197):

(1) Where the production is novel and the contractor has had no past experience upon which to base a price; for example, steel helmets, large-caliber guns and shells for the same, aeroplane motors, and the like.

(2) Where the production involves difficult and complicated manufacturing effort subject to changing plans and specifications, or wide fluctuations in material costs; for example, steel and wooden ships, aeroplanes, optical glasswork, and the like.

(3) Where the contractor, though deserving of confidence, lacks sufficient working capital and plant equipment to carry through the job.

(4) Engineering or building jobs for which the cost-plus contract has for many years been standard.

It must be borne in mind that a cost-plus contract establishes a relation of trust between the United States and the contractor, in which the contractor is legally responsible at all times to work in the interest of the United States and receive no profit beyond that definitely specified in his contract. For all excessive costs, hidden profits in the form of depreciation, overhead discounts, and the like, the United States may refuse to pay, or if the contractor has thereby profited, may sue and recover. Practically, however, the interests of the United States and the contractor are inevitably opposed if the profit is

based upon a percentage of cost. The temptation is great to the contractor to inflate his own costs, as well as the costs of subcontractors, and the task of the United States is difficult and burdensome in checking and determining proper costs.

III. It is recommended that in cost-plus contracts a fixed profit of a definite sum of money per article be agreed upon instead of a percentage of cost.

Such fixed profit can be arrived at by taking a percentage, say 10 per cent, of the estimated cost of each article or the entire job. In instances where estimates of cost are impracticable it becomes of paramount importance to choose a contractor in whose integrity the United States may have the fullest confidence. Where a fairly close estimate can be made of the cost of the article or job, upon the completion of the contract the actual cost can be checked against the agreed estimate and the contractor permitted to share in the saving, or be charged with part of the excess of cost, depending upon the outcome. Such an arrangement stimulates the contractor to save costs and time, because the two go together. This cost-plus adjustable fixed-profit contract unquestionably affords the Government the greatest protection in cost-plus contracts. Great care should be used in fixing the estimated price, which, if too high, may result in giving the contractor a profit entirely undeserved.

IV. It is recommended that in cost-plus contracts the fixed profit agreed on be subject to adjustment, so that the contractor may share in the saving of, or be charged with part of the excess of, actual cost over estimated cost.

In some instances the contractor may agree to pay for all excess over a certain-named figure of cost, and the advantage of the United States in such an arrangement is too obvious for comment.

In the determination of costs, direct labor and direct material are easily ascertainable; it is the indirect charges to the job, overhead and depreciation, that present difficulties. To contract to pay a proper charge for overhead and depreciation leaves the door wide open for endless discussion, and it is suggested that wherever possible the amount of these items be tentatively fixed in advance, based on definite representations of the contractor as to the amount of fixed capital assets to be depreciated and the estimated overhead. Such amounts should always be subject to revision in case such representations prove to be incorrect. This puts its up to the contractor to make an honest representation and provides ample opportunity to check the same. It is of the utmost importance that standardized forms of contract, as well as standardized methods of determining costs be applied to this class of contracts. Such standardization will produce clarity in the relation between the contractor and the United States and will fix precedents of construction for certain clauses and terms. Standardization will also afford great protection to the United States, not alone presently in determining points of difference, but also in Court of Claims suits that may arise.

V. It is recommended that a standard form of cost-plus contract be adopted for use wherever practicable. As conditions necessitate changes, the form of such standard contract can be changed to suit.

SUMMARY OF RECOMMENDATIONS.

I. It is recommended that in every instance where fair terms can be obtained, contracts should be in the form of straight purchase-and-sale contracts at fixed prices.

II. It is recommended that a standard form of straight purchase-and-sale contract at a fixed price be adopted for use wherever practicable containing special war clauses.

III. It is recommended that in cost-plus contracts a fixed profit of a definite sum of money per article be agreed upon instead of a percentage of cost.

IV. It is recommended that in cost-plus contracts the fixed profit agreed on be subject to adjustment, so that the contractors may share in the saving of or be charged with part of the excess of, actual cost over estimated cost.

V. It is recommended that a standard form of cost-plus contract be adopted for use wherever practicable (pp. 1197–1198).

RECOMMENDATIONS ON COST-ACCOUNTING METHODS.

The chief purpose of these recommendations is to assist the purchasing departments of the Government and manufacturers and contractors who are contracting on a "cost-plus profit" plan or an a "fixed-price" plan in which the price is to be determined after an investigation of costs.

The recommendations are intended to be of a suggestive nature and should be used wherever the contract or rules issued in connection therewith do not give full information on costs.

It is hoped that the information contained herein may materially assist all engaged in verifying costs for the Government, and also point out to the contractors what elements to use as costs and how to summarize and present the costs to the Government inspectors.

And the following from a report of the Construction Division for the fiscal year ended June 30, 1918, pages 13 and 14:

The active work in constructing the cantonments commenced about June 20, 1917. The construction of the National Guard camps was commenced about one month later. Each cantonment and camp was designed to house one division, as based on the tables of organization dated May 3, 1916.

And the following from the recommendations suggested by the accountancy committee of the General Munitions Board for use in cost-plus percentage contracts, the report being dated June 20, 1917, which is as follows:

The profit to the contractor should be based upon a scale which will enable him to benefit by economizing in the purchase and use of materials and in the effective handling of labor. Without some such provision the Government may be putting a premium upon waste and inefficiency. It ought to be possible to work out what might be termed a standard cost upon which the contractor would be given his full percentage, and if he is able to produce goods under the contract at a cost below the standard an allowance in addition to his percentage on the standard should be made of, say, one-half of the difference between the actual and the standard costs. If, however, the contractor's costs exceed the standard his percentage of profit should be limited to the standard (pp. 1198–1199).

SERIAL 3, PART 19.

Hearings held at Columbus, Ohio, beginning October 29, 1919, pages 1211–1334.

WILFRED LEE STEVENSON, Columbus, Ohio.

Carpenter 22 years, contracting 15 years, mostly in Columbus. Began work for A. Bentley & Sons at Camp Sherman, Chillicothe, Ohio, about July 1, 1917, as carpenter foreman under Maynor, as field auditor, and White as superintendent (p. 1212). Supposed to have 20 carpenters and 4 laborers. Nature of work: To construct buildings as laid out. Work laid out by general foreman, and all the responsibility I had was to see that my men worked and I got the building up. Was not furnished blue prints or plans. The work was laid out as follows: First the engineer went ahead and staked off the buildings, and then we went onto the building, and in some instances we dug the holes for the posts and we set the posts (they were the only foundations used), and put the stringers on as they were hauled to us. When the material was not on the ground, we had to wait for it. The buildings were just frame, of balloon construction; that is, just nailed and spiked together; no mortise and tenon; of simple construction and design; no plans or blue prints furnished (p. 1202). Scratch boss went around and laid out our work. We knew that our building was so large and so high; that it was a two-story building, the first story 9 or 10 feet, and that we had to put so many windows ever so many feet. We practically had only the dimensions of the building, and a general idea as to the nature of the construction. As I have stated, it was very simple. Foundation

posts were telephone posts set on a multiple of 7 for the larger buildings, and 11 for the smaller ones, some 30 inches in the ground; others deeper. When we were told this we proceeded to build the building. The scratch boss came to check us up, sometimes two or three times a day, maybe only once, and maybe I would not see him for a couple of days. He was a representative of the Bentley Co. Their instructions were not always correct (p. 1203). One would come around and give instructions to place a door or a window at some place, and another would come around afterwards and tell you not to do that, and say to put it in such and such a place, and then another and say, "That is wrong; that goes here," and then, maybe another one would come, and it would be the same dope, "That was all wrong." The result was waste in material and labor, naturally requiring the tearing down of the work and changing it. As an instance, the first building we worked on was a medical barracks in section H, 21 by 119 feet, I think—a building for 33 men. We were first instructed to frame all window openings as we raised the frame. We got that done and they came in and said it was all wrong, not the right dimensions, and we changed that; and somebody else came in, and they were not right yet. I think I changed that six times before they were finally passed on, and then they were not right. Each time I certainly did follow the instructions as given me and the time new instructions were given me necessitating the change (p. 1204). I had a memorandum of how many men I had, and the scale of wages they were drawing, and the time they put in on that building, and the carpenter ledger ran up to about $7,000, with some partitions still to go in.

As a contractor and carpenter of 15 or 20 years' experience I say the ledger on that particular building should have been, under ordinary circumstances and under the scale of wages there for carpenter work, not exceeding $800. I account for the discrepancy as being due to inefficient men and mismanagement, including wrong instructions. Very poor delivery of material. I had only about five carpenters and most of them unskilled help. Mr. Maynor was responsible I should say. He was from New York (p. 1205). I had as many as 35 men. If I had been handling the work as a contractor on my own hook I would have wanted about 10 good carpenters. Of those I had, outside of five carpenters, they had no qualifications; not experienced. For instance, I had a high-school teacher, a manual training teacher, a fellow that used to tend bar, and various other things except carpenter work, all rated as carpenters. I tried to classify my men and get carpenters, but we were not permitted to discharge a man. Had instructions to that effect from the section foreman; simply that we could not fire anybody because we needed the men. Said that was the notice from headquarters; the general superintendent and contractor. I pointed out that the men I had were not qualified, and he said he knew it, but that we would have to use them to the best advantage. I pointed out that we could get it more efficiently done if the force was reduced and only competent men put on (pp. 1206–1207). He said he knew that but could not help it, but had to follow his instructions, as I had to follow mine. I was never able to remedy these conditions. These conditions prevailed generally throughout the camp.

What percentage of waste and loss accrued I could only state from my own judgment to be about one-half in labor. I mean, the carpenter work could have been done for one-half of what it was done for. The speed was slackened by the use of these unskilled men, and the fact of too many being in each other's way (p. 1207). One instance: When we were building the temporary labor camp, about 50 men on the roof, putting the paper covering on, and the weight was so great, that they went down on the inside and demolished the building. I say the men that could have worked on that building was 10 on each side of the gable roof.

Had a conversation with the timekeeper for Bentley, named Johnson. He was under Vandermark (p. 1208), the section boss. This conversation was in the building I was working on, and occurred about the 22d of August, 1917. No one but Johnson and I were present. He showed me the possibilities of making a little money on the side. Men that had worked for me, and that had quit, of course, I had the numbers. You kept the numbers and turned them in, and the money was brought to pay them by the numbers, and the envelope had each man's check number. Well, they could just slip out those of the ones that were not there. He asked me how I would like to be in on a deal of that kind. I told him I did not want in on it; if I could not get an honest dollar I did not want to be in on that. I thought there was enough of thievery without grafting. He proposed that I turn in those men who were not working longer, keep them on the pay roll, turn them in to him, and we would split it three ways, to him, the section foreman Vandemark, and myself.

By stealing enough, the way it was, I meant the progress of the work. We did not work hard. We loafed half a day at a time waiting for stuff or material or until something was laid out for us to do. I mean my entire gang. One result of that conversation with him is that about three or four days afterwards I got canned for some reason that I never knew, and was not able to find out. I have my discharge slip. If a man was discharged the office is supposed to scratch out "left our employ." If he just left, they were supposed to scratch out "discharged." The fact was, I was discharged. The discharge slip is signed by Vandermark (pp. 1209–1210). It is as follows (p. 1211):

Final time. THE A. BENTLEY & SONS CO.,
Timekeeper. *August 27, 1919.*

Bearer, W. L. Stevenson, No. 101, left our employ at 10 a. m. Monday, August 27, 1917. Was discharged p. m.

Tools out: Yes.
No.

R. L. VANDERMARK, *Foreman.*

After receiving this slip I went straight to Mr. Hollingsworth, general superintendent for the Bentley Co., and he referred me to Mr. Carew, the general field manager, first assistant to Mr. Hollingsworth. He told me to tell Vandermark. I explained the matter to him, and he told me to tell Mr. Vandermark to come to his office. I told him to jot it on paper in the shape of an order, and I would hand it to him. He did not do it, and I never bothered with it any more. I went down to see the Government pay man, and he

would not pay me, and told me to go back to work. I went home. That ended my connection with the work for Bentley (p. 1211).

I did not go to Vandermark for the simple reason that I knew Vandermark would not pay any attention to oral information from me. I figured that because his name was on the discharge slip he knew I was discharged, and he would not pay any attention to it. I desired to continue my employment there (p. 1214). The paymaster suggested that I go back to work. I didn't because I got tired of fooling around. If Hollingsworth didn't take enough interest to straighten it out, I thought it was better for me to leave. Afterwards I went to work at Camp Sherman for McGrath under a foreman named Donaldson (p. 1211), and worked until May. Generally speaking, the men did more work than under Bentley, and there was less material wasted. No loafing on the job I was on (p. 1212).

Had a conversation with Hedrick, storekeeper under Duffy, Bentley's purchasing agent, at his restaurant near the Frankfort Pike. Talking about graft, he said there was plenty of it; that he received 2 per cent commission on all business he handled for the Chillicothe Hardware while he was connected with the supplies (p. 1212).

Donaldson, my foreman under McGrath, got around in the morning generally, and at noon to get the numbers of the men. Would be away the rest of the time. Could not say where. I was supposed to run the gang while he was away. I did not get paid as foreman (p. 1213).

The work was plain construction, nothing complicated. I would not think that there would have been any trouble in securing bids for the construction of work of that kind. I would have been willing to bid on it. I would not have been financially equipped to handle a proposition of that size, but I could have handled one or half a dozen buildings. I think it could have been handled by the unit plan, divided up. There certainly were contractors available, who would have been glad to bid on the work. The risk is not great as compared with more complicated structures. Ground here was fairly level; the foundation merely posts (pp. 1213–1214).

I would have been willing to have undertaken 25 buildings. That might mean possibly 50 contractors; possible 100 (p. 1215). I think as a contractor of 15 years' experience that that would have been a practicable way to build Camp Sherman. As it was, there were about 450 carpenter foremen and about 25 general foremen. One hundred contractors could have been easily handled, as easily as 450 foremen and 25 or 50 superintendents (p. 1216). I believe it would have been expedited with that plan. I think building began July 1, and they got 500 contractors along in August (p. 1216). I left on the 27th of August, before the first draft came in. At the time the first draft came in it was estimated two-thirds completed, but I don't think it was that far along. I say it was slow work. I don't know the maximum number of men employed. It was said we had 11,000, somewhere between 11,000 and 13,000 men. Besides building barracks, there were roads to build, water line, and sewer. Possibly they could not have been cut up as well as the construction of the buildings, but as far as wiring buildings and roughing it in, and so on, they could have handled it just as easily (p. 1216). My building has been

mostly dwelling work. Never constructed any public buildings. Greatest number of men handled as contractor, about 28. On that medical building I began work the second week in July and worked until I quit, about August 27. The men varied from 20 to 30; 60 cents an hour; 10-hour day, 11-hour pay, and double time for Sunday. Besides that, they were supposed to have four laborers at 40 cents an hour and a water boy at 30 cents an hour. The $7,000 was mostly time that was fooled away (p. 1217). I am prepared to testify that is what it cost, by the rate of pay of men and the number of men I had, and the number of days they were on the work.

I seriously state before this committee that I believe my refusal to enter into the graft contract with Johnson was the only reason I was discharged. I can swear to that. I never had any difficulty with this concern; never knew of any criticism of my work. Everything was satisfactory up to that time. Discharge came as a complete surprise to me (pp. 1218–1219).

In my judgment 10 good, capable carpenters ought to construct one of these two-story barrack buildings in 12 days (p. 1219). There was no change in the plans of the buildings while I was at work there. It was not more difficult to construct these than an ordinary dwelling. I believe it would have been possible to have let the contracts to anyone who had a large force of men, to pay him so much a unit, put him on the ground and tell him to go to work, and pay him so much a unit for building one house or a thousand, whatever was necessary for the Government to have, and I think we would have had the buildings constructed in less time than it was done. Too many men delays. That is my experience. I know a contracting firm in Columbus that would have been in position to take a contract of that character. I don't think they had an opportunity.

Bentley lives in Toledo, Ohio (p. 1220).

Vandermark went to Camp Johnson, Jacksonville, with Bentley, and Bentley had the contract for the construction of Camp Johnson at Jacksonville, following the Camp Sherman contract. I heard that Vandermark got into trouble at Camp Johnson (p. 1221).

Ten men, 12 days, at $6.60 a day, without overtime for Sundays, would amount to $792. That is the way I figured $800 for labor on that building. An average of 30 men, as I had on the job, plus overtime for Sunday, would be $198 a day, and we worked about 40 days. That would make $7,920 (p. 1221).

There was a good bit of that because, for instance, we were using 10-foot joists; they did not have correct dimensions. Naturally that made a pretty big waste. This was all gathered up, and I suppose thrown on the dump and burned (p. 1222).

Maj. A. N. Besnah, Quartermaster Corps, United States Army (pp. 1222–1238):

Called into the service May 14, 1917. Sent to Camp Sherman about 18th of July, 1917, as assistant to the construction quartermaster, then assistant to the camp quartermaster; actually camp quartermaster. Am still there (p. 1222).

On first reporting I was in charge of transportation, and was doing some assisting in the construction, merely reporting progress. I had full charge of the military transportation, and was transport-

ing building materials and supplies for the construction by motor trucks. The truck train I used was the Government train, 33 trucks, with which I hauled any material that was needed from the different parts of camp, or from the different sidings to camp.

Bentley's transportation was under his supervision, consisting of 200 to 400 hired trucks. I had nothing to do with them. I did the same work as Bentley was doing, but not charged on his contract (p. 1223). Observed very poor management of the transport under Bentley. Considerable waste. Their rate of pay was higher than they could get outside for the construction, and, therefore, they hired a lot of trucks of 2 and 3 ton capacity, paying practically the same price as for 3½ and 5 and 7 ton capacity, ranging from $20 to $35 a day, Government furnishing excellent oil and a driver; 3½ a day to drivers. The K. & S. furnished the largest number. Schulman was one of them. They furnished from 20 to 60. I believed they owned only a small portion. They would go out and hire a truck and put it on under the K. & S. Co. (p. 1224).

I know Tregalis. He was superintendent of transportation for Bentley. Was in whole charge of their transportation by motor trucks, $20 and $35 a day, in my opinion, was too much; $12 to $25 would have been a fair price. Yes; the $20 to $35 was added to the cost of the building. I did complain of this price. They cut down the number of trucks, and discharged some that were getting higher rates, and cut the rate down on some that remained. Exorbitant prices remained about three weeks. Could not say definitely (pp. 1225–1226).

After Tregalis left I had a conversation with a representative of the Kissinger & Schulman Co. about the 10th or 15th of November, 1917. By this time their transportation had been reduced on account of Bentley's duties being reduced, and my duties were increasing as assistant to the camp quartermaster (p. 1226), getting in all the supplies for the incoming draft, so I was in the market for trucks. I don't know the man's name, but I should know him if I saw him. I think it was Mr. Kissinger. The conversation was in my office at Camp Sherman. Several present, and great many desks in my office crammed in a small building. He stood close to me. No one then heard the conversation but myself. He said he was representing the Kissinger & Schulman Trucking Co., and I am not sure whether he said he was Mr. Kissinger or not. I had seen him and known him on the job, but didn't pay any attention to his name (p. 1227).

He said he understood that I was in charge of transportation at the camp and was hiring some trucks, and I said, "Yes; I have been hiring trucks," and I said, "I don't know whether I need any now," and he said, "Well," he says, "you know that I have been connected with Bentley for some time; I have had a great many trucks on at different times." I said, "Well, I understood you were," and he enumerated some of his trucks, the capacity and the type and the make, etc., and said that he would like to put some of his trucks on, that they were being discharged from the Bentley work and he was very anxious to keep them on the work there, and I told him I wasn't sure whether I could use any or not. I said that I thought that the rate that they were finally paying after the reduction was made—

there was a little compromise on prices—I was not satisfied that it was a fair rate; I was hiring some trucks than at $12 a day; $12 to $15 (p. 1228).

They had paid Bentley double the amount I was paying, some as high as $30, same capacity. Prices reduced from $20 to $35 down to $12 to $25, about $10 practically all around. And he stated that he would like to have them put on, and he said, "I could possibly make some arrangements with you for putting them on the same as I did with Tregalis," and I said, "Well, how much did you allow Mr. Tregalis; how much commission did you allow him on the trucks?" "Well," he said, "we allowed him $5 to $10 a day," and I said, "Would you make me the same proposition?" and he said, "Yes." "Well," I says, "I am in the military service," and I says, "I am not in it for that purpose; I enlisted in the service, and," I said, "I am not in it for graft," and I said, "I don't want your trucks."

Mr. McCulloch. Did you hire any trucks from him?

Maj. Besnah. No, sir (p. 1228).

Tregalis represented the Bentley Co. as their transportation officer and hired their trucks—that is, all that had been used by Bentley on the job—and this representative of the Kissinger & Schulman Truck Co. said that he had allowed Tregalis $5 to $10 a day on each truck. During the period from July 20 to August 20 the job would have averaged 250 trucks a day at $7.50 average; would have been $1,875 a day (p. 1229).

As general engineer, have done some construction, very limited, in building buildings and letting contracts to supervising contractors (p. 1229). I was at Camp Sherman during the construction. There was a great deal of waste, and of course it resulted in great loss to the Government; some was unavoidable, and some was caused, for the most part, I believe, due to the cost-plus system. Personally I have never been in favor of that system. That is only for the benefit of the contractor. It is to his interest and advantage, of course (p. 1230).

Well, in the first place, unless there are specifications and supervision by some representative of the Government, their object would be to increase the cost. There would be no object to curtail expenses, curtail wages, curtail transportation of supplies or labor. The object would be to boost it, if the men desired. At times there was some little labor trouble, I believe, in the plumbing department and in the carpenters. They struck for higher wages, and, of course, it was granted. That was an advantage, of course, to the contractor.

Mr. McCulloch. Anything else?

Maj. Besnah. Of course, the more men that they had on the job and the longer it took, the less efficiency there; it was to their advantage or to the contractor's advantage who has a cost-plus contract. The purchase of supplies is to his advantage; the purchase of building material, both lumber and hardware, and the location of it, is to his advantage (p. 1230).

After I had this talk with Kissinger & Schulman Truck Co. I did nothing in the way of making it public. I only spoke to one of the chief clerks in my office. I suppose that I should have done so; should have made a report on it. I believe I spoke to Col. Case about

it. I knew that a Department of Justice representative was on the job. Didn't occur to me to take it up with him. I was very busy, working night and day, and it just slipped in mind. I did regard it as a serious matter (p. 1231).

I know that pay rolls at Sherman were checked by Government inspectors, and that the bills had to be approved by Government inspectors before paid. It was the field auditor's duty to O. K. vouchers for this truck rent, Mr. Rusk. I know that the rule that vouchers for material had to be approved by the Government before the contractor was permitted to pay them also applied to rental of equipment (p. 1232). I don't consider these safeguards on behalf of the Government, because I understand the bills were duplicated and that the price of materials could be made at higher prices for materials and for labor and for transportation and for supervision. They were safeguards to a certain extent. Better supervision and more complete specifications. My complaint goes to the character of the men, and not to the system. I have read over the form of contract under which the work was done (p. 1233). It was possible, under the contract, to have lumber, for instance, or hardware shipped in, the bill checked, passed on by the auditor, paid for by the Government, and the lumber never used by the Government, and it was also possible that a man who did not have integrity, upon which the success of the contract might depend, could hire a man to-day, give him a number, carry him on the rolls, go down to the office, and after he was discharged it would be checked and the pay roll paid, and there was no way of detecting it.

Well, I think that a man that was thoroughly familiar with construction and with building and business experience and with enough subordinates to look after a great part of the work—that is, the checking materials and supplies and labor—under that supervision it could have been built a good deal cheaper and with more efficiency.

Mr. McCulloch. If they are honest?

Mr. McKenzie. That is the point—provided they were all honest men.

Maj. Besnah. Yes; I am considering they were men—honest; in the military service; they were supposed to be honest men, hired by the Government—if they were all honest (p. 1234).

There were men ordered to these camps to do work with which they were not familiar, and it might have been put over on them.

Mr. McKenzie. I want to ask you whether or not you would be willing to state from your experience that it would have been possible for the Government to have put an engineer on the ground with instructions to go ahead and build these camps or cantonments, and the Government simply stand back of him and pay the cost of the material—whether or not that could not have been done and the Government safeguarded?

Maj. Besnah. Yes, sir.

Mr. McKenzie. To that extent?

Maj. Besnah. Yes, sir (p. 1235).

I think the camps were constructed expeditiously (p. 1237).

Maj. Gen. EDWIN F. GLENN, commanding general, Camp Sherman, Ohio (pp. 1239–1246):

Was sent to Camp Sherman latter part of Augst, 1917, and assumed command of the camp and the Eighty-third Division. Remained until early in January, 1918; then to France; returned April 1, and returned to France in June. Was there till the 1st of February this year, then here (p. 1239).

The camp was not really completed when we left to go to France the first time in January, 1918. Bulk of the houses were up, but certain things, such as plumbing and heating apparatus, etc., were not completed then (pp. 1239–1240).

As commander of the camp I had nothing more than general supervision that goes with the position of commanding officer.

Mr. MCKENZIE. General, we would be glad to have you make any statement that you desire to make with regard to the condition at Camp Sherman, whether there was any waste, or whether there was any loss of time in your judgment in construction or any criticism or commendations, if you have any to make, of the manner in which the work was done at that camp.

Gen. GLENN. I have both. They are both incident to the condition of unpreparedness in which we found ourselves. We were not prepared for war in any direction, with the natural result that when we commenced construction we had to eliminate certain factors that enter into all contracts, and this necessarily makes it very expensive. I think there is no question but that this cantonment cost much more than it would have cost if we could have commenced on it 20 years before and put it up in the usual business methods of doing so. That was out of the question. Then, too, in the excitement of the war the conditions as to labor would necessarily add to the expense. And you never can have disturbed labor conditions without a good many little minor problems which come up.

I personally think that, considering all those conditions, we were wonderfully lucky to get into shelter and be as comfortable as we were that winter. In making this statement I realize that every office in Washington had to be expanded from nothing into a tremendous responsibility; many people who were there who had never had control of an office before found themselves in control of men running up to the hundreds, and many hundreds; many of them incidentally knew more about the business than the man who was in control, and all of this produced a necessary confusion, you understand, in the transaction of business that required those of us on the outside who were familiar with our local problem to take hold personally and see that everything was done that was possible to do to make the troops comfortable. That was our primary object. And we could not stop, and the conditions would not permit us to stop, for a matter of expenses, which, under normal conditions, of course, would be our first consideration (p. 1240).

Unquestionably the cost plus contract and other factors produced the demoralizing effect on the labor of the country.

I can not answer you as to what the condition of construction was outside; I was not brought in contact with it. All I can say to you on that score is that we were moving heaven and earth to get the necessary artisans to do our constructing, and I do know now, of

course, that construction generally throughout the country was practically at a standstill during the war, but just what it was at that particular time I would not like to answer. I was pretty busy with my own problem of construction.

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Gen. GLENN. I understand that naturally there were a great many other contractors in the country who were sore that they did not get the jobs, and I dismissed it at that. That was not my business. My business was to get my own place built up. I perhaps ought not to use the word "sore" about these people, but that was the natural result of these contracts, I felt (p. 1241).

Mr. MCKENZIE. You had a man's job of your own?

Gen. GLENN. Yes, sir. I found this condition: That a great many men necessarily got on the ralls as carpenters and other artisans who were not thodoughly competent, and I found large salaries paid, and my own common sense told me that most men would rather get from $10 to $20 a day than to be a soldier at $1. I think that is human nature. Now, I do not recall that the contractor at either Benjamin Harrison or at Camp Sherman failed to get enough men to do the work he was called on to do. I do recall very distinctly a great many complaints about our taking skilled men from their employment in various industries throughout the country, which is a perfectly necessary and natural result of the war, of course.

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Mr. MCKENZIE. Gen. Black testified before this committee that the first experience he had with the cost-plus contract system was that he was putting up some canstruction work down along the Potomac River, I take it, and that the first thing he knew one of the cost-plus contractors was taking all of his men away from him by offering higher wages, and in fact in a way broke up his forces.

Gen. GLENN. Yes, sir.

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Gen. GLENN. You are bound to produce discontent when you have men in the Army and Navy working for the wages they had to work for, and men on the outside not so competent frequently receiving higher wages, and there is only one cure for that, and that is to apply your conscription to every class of employment that is necessary for the prosecution of the war; put them all on the same basis, if it is a national war, and then you will have no such trouble (p. 1242).

Gen. GLENN. I think if you had applied your conscription to everybody who was necessary as a part and parcel for the prosecution of this war that not only what you say is true, but I believe it would have gone a long way toward wiping out any existing discontent.

Mr. MCKENZIE. It is very evident—I will ask you your opinion on it—if it is not very evident that one of the causes for much of the discontent now among the boys who wore the uniform is due to just such things as occurred under this cost-plus contract system, where men were permitted to go in and pay almost any wage to the neighbor boys or friends of the soldier boys who had on the uniform and at the same time enrich themselves?

Gen. GLENN. I do not like to answer that question directly. I will put my answer in this form: I know that there has been a good deal

of feeling among the soldiers who have come back. I do not believe that that is the dominating cause, but I am convinced that they realize it to-day and have a very strong feeling about it, as not being exactly a square deal. Up to that extent I am prepared to go as my best judgment, but the whole thing harks back to the question that we did not and would not realize that war is just as natural as peace to mankind and that we must be prepared for it (p. 1243).

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Gen. GLENN. No—I think, generally speaking, I had better answer that no. I think we had an especially good contractor at our place at Camp Sherman, and I was in very close touch with the practical constructor. I think he was one of the best constructing men I have ever seen, and I personally watched the waste. There is bound to be waste where you are building 25 or 30 buildings a day. But it did not come to my personal attention that there was any waste. I never had seen so much salvage in military operations as we have carried out in this country. I was one of the first to grasp at the idea of all the salvage that was possible, and I not only learned a great deal about it, but I frankly say that while there was some waste, I believe under my observation there were great efforts made to salvage and protect the Government's interests along those lines (pp. 1243–1244).

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Mr. MCCULLOCH. What responsibility did you have in regard to the construction of the buildings and the camp generally?

Gen. GLENN. I handled no funds and was not responsible in a general sense, but responsible for the protection of the Government, in so far as I could do it in my position.

Mr. MCCULLOCH. Had the construction progressed to any great extent when you came there?

Gen. GLENN. Very materially. I should say the buildings were, perhaps, three-tenths completed. They were working about 11,000 men and increased that to about 13,000 almost immediately, and we were building about 25 to 30 buildings a day.

Mr. MCCULLOCH. Were the buildings all laid out at that time?

Gen. GLENN. Oh, yes; the entire plan was there.

Mr. MCCULLOCH. And was well under way?

Gen. GLENN. Oh, yes, indeed.

Mr. MCCULLOCH. General, did your duties charge you with the responsibility of examining the contract?

Gen. GLENN. No, sir.

Mr. MCCULLOCH. And finding out if the contractor was living up to the contract?

Gen. GLENN. No, sir; unless something came up that would call for my looking into it. I would not have done it. I do not think, as a matter of fact, I ever looked at the contract. I did inquire as to the terms, you understand; that is, generally speaking, and knew that it was built on the cost-plus system, and I knew what the limitations were that were placed on the amount that the contractor could earn under that (pp. 1244, 1245).

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Mr. MCCULLOCH. But you were not charged with the responsibility of seeing to it that he carried out the provisions of the contract?

Gen. GLENN. No.

Mr. McCULLOCH. That responsibility was on somebody else?

Gen. GLENN. That direct responsibility was on the constructing quartermaster.

Mr. McCULLOCH. The reason I am asking you that question, General, is that, as I understood your observations in regard to general waste in an emergency of that kind, your observations were general?

Gen. GLENN. Certainly. In other words, if I found a waste I went to the constructing quartermaster, or one of his agents directly responsible for it, and had it corrected; general supervision.

Mr. McCULLOCH. But those matters would come to your observation or probably were brought to your attention by complaint?

Gen. GLENN. Well, complaint or perhaps by observation; I would see it myself. I was around the post every day.

Mr. McCULLOCH. It was not your duty to check the pay rolls or check the incoming material, or to be responsible for it, was it?

Gen. GLENN. Not at all. That was the constructing quartermaster (p. 1245).

Capt. BOND S. NEFF, Cincinnati, Ohio (pp. 1246–1257):

Attended first officers' training camp; ordered to Camp Sherman August 20, 1917. Was there until my discharge, June 7, 1919 (p. 1246).

Approximately 50 per cent of the buildings, or possibly not that much, were constructed when I arrived. My business prior to entering the Army was construction work. Have had experience in the letting of contracts. Not familiar with the contract for the construction of Camp Sherman, but familiar with cost-plus contracts generally. I think the cost-plus contract is all right if it is safeguarded with the proper clauses, but I would not give two cents for it if it is not. There is entirely too much leeway.

Mr. McCULLOCH. By leeway, what do you mean?

Mr. NEFF. Well, as to the amount of material to be used, the cost of material, the price of pay to labor, the time of completion.

Mr. McCULLOCH. What safeguards do you think are necessary in order to protect the owner in a cost-plus contract?

Mr. NEFF. Well, there should be a maximum amount, total cost of contract; there should be a clause making the maximum cost of material, and the time of completion.

Mr. McCULLOCH. With a forfeiture clause?

Mr. NEFF. With a forfeiture clause; and a bonus for any saving over a stipulated amount.

Mr. McCULLOCH. Now, with those safeguards in, you think that a cost-plus contract would probably be a fair contract to the owner?

Mr. NEFF. To the owner, with the proper supervision over it.

Mr. McCULLOCH. With those safeguards out of the contract what would you say as to the effect upon the interests of the owner?

Mr. NEFF. It would not amount to very much; I do not think he would have any safeguards at all; that is, he would be absolutely up in the air and no limit to it (pp. 1247, 1248).

On a cost-plus contract where a fee is provided of a substantial nature the contractor ought to furnish all the equipment and a competent organization. By organization I mean mechanics, foremen,

superintendents, engineers, timekeepers, checkers, and, if he is purchasing, a competent purchasing agent. I don't think, from my observation in connection with the construction quartermaster's department, that the contractor at Camp Sherman furnished anything on the equipment (p. 1248).

It is my understanding that the men on the job in the capacity of superintendents, foremen, etc., were all paid by the Government. If the contractor brought any equipment or tools, they were minor. I don't know of any kind he did bring, especially large tools. He was supposed to have furnished an organization, which I do not consider that he did furnish. I think I would have known it if he did. I was with the property manager and the constructing quartermaster. I was there when it was completed, and checked up the tools that he returned, and had a pretty general idea of what was in camp (p. 1249).

Mr. McCulloch. Now, in the light of your experience in constructing utilities for a city, and the scope that would cover the utilities for a camp like Camp Sherman, in the light of your experience, I would like to ask you whether or not the contention that they could not enter into contracts under the bid system for the construction of the shelters, because they did not have the layout of those utilities, whether that was a sound reason to urge against the bid system?

Mr. Neff. I don't think so.

Mr. McCulloch. Now, will you tell the committee why?

Mr. Neff. Well, the water works and sewerage system and all could have been built separately. The fact is the water works were not built until the buildings were built anyway. There were no roads built until after the camp was built, but one, and that was a public highway, I think, previous to the location of the camp. I know that we did put in the water mains, and a great many of them were established, and that they were laid about 3½ feet, that is, according to the climate, and I think that is what they laid there, and they graded afterwards, and a great many of them were exposed and had to be lowered and put at a greater depth, which was an inconvenience as well as an annoyance.

Mr. McCulloch. How long would it have taken to have laid out the utilities, such as the waterworks system and the various utilities about the camp?

Mr. Neff. You mean the engineer?

Mr. McCulloch. Yes; would it have taken very long?

Mr. Neff. No; I think a competent man could possibly have laid out the utilities there in 30 days and prepared its plans.

Mr. McCulloch. If he had a large force——

Mr. Neff (interposing). Oh, a great deal quicker than that, he should have done it.

Mr. McCulloch. What do you say?

Mr. Neff. I think two or three weeks.

Mr. McCulloch. What do you say as to whether or not there would have been greater delay if the utilities had been laid out and constructed under a contract under the bid system, whether it could have been done quicker than it was done under the present system, and perhaps more efficiently?

Mr. NEFF. It could have been done as quick and more efficiently.

Mr. McCULLOCH. Now, will you tell the committee just why you arrived at that conclusion?

Mr. NEFF. Principally because there were a great many changes after the plant was installed, and it is not necessary that the waterworks, pumping station, mains, or the sewerage system be put in during the construction of the buildings. Water was not necessary to any extent in constructing the buildings. There was very little concrete used. They had wells over the camp they could get water at and haul it by wagon, and as long as the sewerage system and the waterworks were completed by the time the buildings were ready to be occupied, that would have been ample time.

Mr. McCULLOCH. What was the result of the laying of these mains in an improper way in the way of loss to the Government?

Mr. NEFF. Well, the streets and roads were graded afterwards; also the buildings—that is, the grounds around the buildings were graded after the service connections were made and the pipes were exposed, which necessitated the lowering of some pipes and caused freezing in winter weather, whereas if they had been put in after the grades were made it would not have been necessary.

Mr. McCULLOCH. They could have been put in at the same expense and would not have had the additional expense of tearing them out and putting them in again?

Mr. NEFF. That is it exactly (pp. 1249, 1250).

Mr. McCULLOCH. Do you know of any construction reason, Captain, why the laying out and the putting in of the utilities could not go right along with the construction of the shelters and the buildings?

Mr. NEFF. No reason at all.

Mr. McCULLOCH. Could it have been done at the same time, or separately?

Mr. NEFF. Either one way or the other.

Mr. McCULLOCH. Without interference?

Mr. NEFF. Without interference; yes, sir (p. 1250).

From my observations I would say that generally speaking the waste was criminal, both in material and labor. I reached that conclusion because you would see possibly ten times as many men on one building as were absolutely necessary; they were in each other's way, and they were not working. There didn't seem to be any supervision over them to make them work, and as to the material, the piles of waste throughout the camp spoke for that. There was lack of organization. With better organization I think they would have facilitated the work and completed it in less time. I don't know as they would have made any great saving in time, but I don't think it would have taken any longer, and the saving in expense would have been very great. I can approximate the waste in material as 25 per cent and, in labor it would run a great deal higher. Yes, sir, I think with proper organization half the number of men could accomplish the same work and save 50 per cent of the labor and 25 per cent of material. I would say that was a conservative estimate (p. 1251). It was hard to see any system of checks on labor and material. That is where we go back again to lack of organization. I spoke to men that were checking lumber out

of the cars. They said they absolutely could not, the way they were taking it away, check it up, and they had no check at all, and they would not know where it went. Apparently the same inefficiency in checking and handling of labor (p. 1252).

Mr. DOREMUS. Are you a practical construction man?

Mr. NEFF. I consider myself such; yes, sir.

The witness then enumerated a number of substantial jobs on which he was superintendent of construction (pp. 1252, 1253).

Two and three-quarter per cent ordinarily would be a fair charge for supervision, but if the Government carried all the overhead, paid all the office force, and handed the contractor, say, for three, four, or six months more than $250,000, I would not consider that a reasonable fee for one man for that length of time (pp. 1253, 1254). And if the maximum cost upon which the fee was based resulted from waste and inefficiency in large measures, such as I observed at Sherman, that would revert back to the contract without any provisions in it as to the total cost. I would not think that he was furnishing the organization. He would not be carrying out his part of the contract (p. 1254). For $250,000 I think he should furnish all equipment and his organization down to foreman. While I still say that an ordinary contract of 2¾ per cent would merely cover supervision, on a contract without any provisions in it whatever, without anything to hold the contractor in any way, where he had all the latitude and all the leeway in the world, where he would run it up, why, that would be another thing (p. 1254).

Mr. MCKENZIE. As affecting this character of contract, those buildings, as I understand it, were all of the same character and were of such a character that lumber could have been purchased, dimension lumber, and for instance, studding, of lengths that would have gone into construction without waste, could it not?

Mr. NEFF. Yes, sir.

Mr. MCKENZIE. Now, if the contractor had that on a bid or fixed sum, a contract, he would have seen to it that he had lumber that would go into the building without waste of cutting; that lumber, however, under the cost-plus contract, did not affect the contractor, and that if he couldn't buy just the proper lengths of lumber he would buy any lumber and cut it so that it would answer the purpose and go on with the work; is that not one of the reasons why there was as large a waste as the one you have mentioned?

Mr. NEFF. Yes, sir; the contractor on the construction of the building would order his lumber from the mill in proper lengths. There would be very little waste to it. It wouldn't run over an inch or two, and he would have to cut it for, over 16 feet stuff, cut to 16 feet.

Mr. MCKENZIE. Is that one of the things that is very likely to happen under a contract of that character?

Mr. NEFF. I think it is (p. 1255).

In ordinary practice he would have the equipment, and the depreciation would be the cost on that.

My estimate may be high, and it may be low, but it is, in the light of my experience, approximately 25 per cent of all material (p. 1256).

WILLIAM M. SWISHER (pp. 1257–1260):

Worked nine weeks as carpenter for Bentley at Camp Sherman. Acquainted with Mr. Stevenson, who testified this morning, and heard his testimony. He was my foreman part of the time, and the statements he made, as far as they are within my knowledge, are absolutely true. I was not on the medical building which he spoke of. I worked for McGrath as carpenter for about a year (p. 1257).

As to waste of material, at one time there were five or six thousand barrels of cement in a big barn. Some of it was damaged, but we reclaimed some. They stopped me using the reclaimed, and told me to use the best I had. I issued cement that went in the field, that was piled up and went to waste there. Many and many wagons of it hardened in the bag, hundreds and hundreds of dollars, in section N. The bags alone cost the Government 25 cents apiece (p. 1258).

I had charge of all the lumber. There was a great deal of waste in that. It was hauled on to the job, dumped, and thrown around in the mud. Enough was wasted to build several good houses and barns; 6, 8, 10 feet long wasted. Now using just such lumber in good houses in Columbus (pp. 1258, 1259). The waste of lumber under McGrath was great, but not as great as under Bentley. Apparently no effort to economize. Would not go get the length desired, but cut it off a full-length piece (p. 1259).

There was too much labor most of the time on all jobs. Of course, there were times that there were not enough, but as a whole, especially under the Bentley contract, there were too many on one job. You would have to crowd in to keep busy, and crowd somebody else out of work. "Keep your eye on the boss" was the foreman's rule, and if he could not find enough to do "Get in the clear." Pretend you were working, even if you were not. Get where the big bosses could not see you when they come around (p. 1259). The men giving these orders represented A. Bentley.

Mr. MCKENZIE. I would like to interject a question right there. Did the bosses have very much difficulty in getting that order, "Get in the clear," carried out?

Mr. SWISHER. Not a bit. I remember one Sunday we got double time for one Sunday, I was on a job working for a man after Mr. Stevenson had been discharged, and he had been put on a job that he couldn't handle, and he was trying to get started on it, but he didn't know how to start in; he had too many men to get started, and he passed the word around—he had a few men that were trying to start him on it—knew more about it than he did—and he passed the word around to the other boys to get in the clear. We went up on the hillside and laid in the shade all day on Sunday.

Mr. MCKENZIE. Got paid for your time?

Mr. SWISHER. Yes, sir (p. 1260).

I don't know the cause of Mr. Stevenson's being discharged. Nobody knew. They all had a hard time keeping his gang together after that. They all wanted to quit because they did not know why he was discharged. The only reason I could see was because, I thought, he was trying to do his duty. That was the general opinion of the men. They all liked him.

CARL M. WATTS (p. 1260–1275):

Worked for Bentley Construction Co. First man on the ground with teams, and last one there when they started for Florida. Team foreman for the contractor. Worked several nights and every day, and worked for McGrath in the same capacity. Worked 50 nights in seven months. Had contract to furnish feed for the teams. Arrangement made with Hollingsworth, Bentley's superintendent. Furnished 35 or 40 teams. So much an hour for the teams, and furnished drivers (pp. 1260, 1261).

Tried to get a day's work done, and what happened was, I was called into the office before Mr. Hollingsworth, who told me I was a little too active; that we would have to go a little slower. I told him I did not understand that way. I was trying to get a day's work done, and if that was the way they wanted it done, I would try to work accordingly; thought my job was worth holding. I tried to do that way from then on. The general impression was that they came out there without any intention of doing a day's work. Hollingsworth told me "It is not so important what you do, but how you keep things looking." Those were the exact words after I had been there a few weeks. The authority was taken from me to discharge men and teams. Orders not to discharge any men, and to keep them on whether he suited or not. Direct orders from the contractor's superintendent. As a result, I carried lots of inefficient men under his orders (p. 1226). I would not have carried them if I was expecting a day's work and to earn our money.

Had charge of the gravel pit, and very often men were sent there and teams. They averaged 150 to 200 teams, and about a hundred men. There were times that the labor superintendent, Armstrong, would send foremen down with 50 or 60 men apiece. Sometimes we would get 400 or 500 in that gravel pit. We couldn't operate that many teams, nor near that many men at any time.

Mr. WATTS. Well, I complained to Armstrong about placing the burden on me of hiding the idle labor, and he said, well that was his instructions from Hollingsworth, to send them down to me; it was a good place to keep them in while there wasn't anything doing, and they would call for them as they needed them.

Mr. MCCULLOCH. Is it a fact that these men were sent down to you so that they could idle away their time and still be on the pay roll; did you understand it that way?

Mr. WATTS. I did; yes, sir.

Mr. MCCULLOCH. Were you told so by anyone in authority?

Mr. WATTS. Mr. Armstrong told me he was ordered by Mr. Hollingsworth to send them down there and keep them down there until they had something for them to do; to see that the timekeepers checked all of them (p. 1263).

We could not get over 20 teams into the gravel pit at one time; 75 cents an hour for each man and team, and 11 hours' pay for 10 hours' work all summer long. I really believe 100 teams would have done all the work they had on the ground, and I think they had up to 500 or 600, maybe 700, teams at one time, and besides that lots of trucks, lots of them working nights drawing double time for night work and lots of Sundays and holidays. All kinds of teams all went on the pay roll at the same rate (p. 1264). I felt a little funny at

first about being a party to that sort of performance to beat the Government, but we kind of got used to it. It was all around us.

I remember when Van Camp and Sloan brought 45 or 50 teams from Cincinnati. Talked to Talbot about it. Told him I had so many now I did not know what to do. He said, "Well, Hollingsworth has hired them, and they are coming on. and you will have to put them somewhere." I kind of strung them around the best I could. Kept them somewhere around the cornfield, with a big territory to cover. We could get them away some place (p. 1265).

Tregalis would order teams sent to us the same as Hollingsworth. Teams drawn all around. There was general confusion as to what to do. Nobody knew where they were going or what they were doing. Don't think they got any place as they ought to have done if they had followed orders (p. 1266).

McCann was McGrath's superintendent. I went over to the office and McCann said to me, he said: "Watts, I don't believe we can use your teams nor you down here. You are a little too friendly with the Government side of it," and I told him: "I'll write to Mr. Carr." After we got through I started out, he come around and said, Frank said, I better come around with the teams, so I did. I started them on Saturday and McCann met them on Sunday going to Chillicothe and I sent a bunch of saddle horses along with that bunch of teams, and when I met McCann on Monday morning, he said that I couldn't put them in there; he asked me what I wanted the saddle horses for. He said, "Now, you are going to put them on here with these Government officials," and he said, "They get around fast enough as it is"; he said, "You know we can't put nothing over with those fellows on horses." "Well," I said, "I don't care anything about what you can put over, I want to hire the horses; I have got them and I have got to feed them; the winter is coming on; if I can I would like to hire them"; so he ordered my horses off of the ground and so finally Lieut. Fisher and Capt. Nicholson, I believe it was, had them brought back on and they used the saddle horses, the Government used the saddle horses, a few timekeepers and superintendents for McGrath.

Mr. McCulloch. Did you have any conversation with McCann in regard to fixing the matter up, an arrangement could be made in regard to a division of the price paid for them or the amount to be paid you for them?

Mr. Watts. Yes, sir.

Mr. McCulloch. Tell us about that, will you?

Mr. Watts. Mr. McCann told me if I would split up with them on the saddle horses, they would turn Fisher down (Fisher had some saddle horses there), and they would get mine on the pay roll; that is, they would be taken care of; that is, he wanted pay for them or get a split out of business from them (p. 1257).

These horses were finally put on the McGrath pay roll. Went into the cost-plus contract, and added to the cost of the camp (p. 1268).

I let the men go down in the gravel pit, as they were ordered to by the labor superintendent, and loaf around just as they pleased. I did not try to inquire into it much. I was selling hay and getting money. When they took my discharges away from me Hollings-

worth told me it was quite an item to them to keep as many men on the pay roll as they could. He said they needed them (p. 1260).

Mr. DOREMUS. Well, why did you put these old pelters on the job?

Mr. WATTS. Well, I didn't do the hiring; they were hired through the employment office and sent right to us; we put them to work, no difference what they were or what kind (p. 1269).

I think most of the men when we went there went to work and had intentions of doing something, but you take the men that were already there in the capacity of foremen or superintendent, would know how far these big fellows would make him, and they called me on the carpet two or three times, and I was to be discharged, although I went clear through all the work with McGrath and Bentley both.

Mr. WATTS. We all worked there; yes, sir. Just that way, that was the way everybody worked, and it was talked every place, everybody knew it, we all talked it, we all laughed about it, and heard it all over the country, heard it all over Columbus, heard it all over every city and country, out here, about Camp Sherman, Chillicothe (p. 1270, 1271).

I didn't hide the men in the gravel pit. I didn't keep them on the pay roll. The timekeepers came there, and checked them off every day, twice a day. I had nothing to do with the pay roll. I had nothing to do with checking the time. I hadn't them at work. I don't take any responsibility for them to be at work. They sent them down, over 500 of them. The timekeepers would check them sitting on their shovels. I had nothing to do with the hiring of the men (p. 1271).

Hollingsworth was general superintendent over the whole camp. It is the highest position in the Bentley Construction Co. at the camp, chief man in authority. Went with them to Florida. Offered to pay our transportation if we would go down with them with the teams (p. 1272).

McCann, I think, was a stenographer in Bentley's office and became general superintendent over several thousand men for McGrath, same position Hollingsworth occupied for Bentley, for a few weeks, then he was discharged. He could not have been discharged for honesty because he did not have any (p. 1272). Capt. Nicholson got him off the job. Westcamp was general superintendent for McGrath on the rifle range. They kept sending teams to me there. More than I needed. Told Westcamp I did not know what to do. It was all frozen up. He said, "Scrape snow." He kept bringing them. He said he did not know what to do. He said he was dodging around to keep things going on the pay roll. He was staying over at town as much as he could (p. 1273).

Mr. WATTS. Yes, sir; I—at no time, I told them I would be a party to it; I told them I didn't think it was any way to do, and we couldn't afford to do it, that it would hurt us in the future in any work that we would undertake to do; that people would have us spotted; that we could not never do a day's work; that it was spoiling labor, when we could not never get a day's work out of labor.

Mr. MCCULLOCH. But in spite of your protests the same rules prevailed?

Mr. WATTS. Yes, sir.

Oh, I didn't protest so hard. They knew from every place that you could not discharge them, and if you would tell them they would tell you to go to hell. They didn't care nothing for the foremen. They knew you would not or that they would not be discharged, and that they had a job anyway. If I did not slow up I would not have had anything for them to do (p. 1274). Would probably have been out of a job myself. The contractors were not doing much in their efforts to get the camp ready for the boys and we were taking them for example (p. 1275).

WILLIAM HATTERS (pp. 1275–1280):

Worked at Camp Sherman under Esswein Plumbing Co., subcontractors under McGrath, from about March 27, 1917, at plumbing (p. 1275). My first foreman was Harvey Cronin, then Ed. Rubrecht. Trautman was general superintendent. Was on the pay roll.

Sometimes I would not see Trautman for a week, and when he did come he did not stay long; long enough to eat dinner. Men did not do a day's work. They would not leave you do a day's work. "You've got to kind of slow up a little. We are laible to run out of work," and such as that. I think a third of men in plumbing and steam fitting could have done the work if they had done an ordinary day's work. Two-thirds unnecessary. Added expense. I was called down for doing too much work by Cronin (p. 1276).

Mr. HATTERS. Well, the foreman says—well, he left one day; he was on the job, so he went away, and he kind of laid out some work for me, and he came back and he says, "What are you trying to do?" "Oh," I says, "just work a little," and he says, "Now, you have done enough this last hour or so for a day's work." "Well," I says—I didn't know the man at all—I says, "Well, Mister, I will tell you; I was just trying to do a day's work." He says, "That don't go around here." He says, "We just calk five joints for a day's work," he says. "And if you want to stick around here," he says, "you want to slow down."

Mr. MCKENZIE. What were you doing—what was the character of work?

Mr. HATTERS. Calking soil pipes together, wastes for closets and lavatories, etc., running water pipes. But at this special time we were running soil pipes.

We got instructions to watch out for the leather-boot fellows. Always kept busy when they was in sight, meaning the officers (p. 1277).

I am kind of ashamed to tell you about the work done on a pipe under the nurse's quarters. Eight of us were covering pipe. Took us four days, and two men ought to have done it in two days (pp. 1277, 1278). It took two fellows two days to cut two 2-inch. I could have cut it in 10 minutes, anyway, at the highest. Both were drawing plumbers' pay of $8.25 for 10 hours, so it cost the Government $33 to cut two threads on a 2-inch pipe that ought to have been done in 10 minutes. That is right. Yes, sir. About the time they were ordered to stop building we were told to stick around on the job; take your time (p. 1278). The contractor and his representatives could not help having direct knowledge of the way the men worked. They were under their orders. I suppose they were passed

down from the superintendent. They would politely tell us not to go any faster—our foreman, Cronin. Don't know anybody else who issued the order. The general superintendent, Trautman, would be walking by. Would come in, eat his dinner, and go back (p. 1279).

Had no disagreement with the contractor (p. 1280).

Col. A. B. WARFIELD, United States Army (pp. 1280–1295):

Colonel in the Regular Establishment. Was overseas. Was wounded. Major, Quartermaster Corps at Fort Leavenworth at outbreak of war. Have been in the Army 23 years. Now camp supply officer, Camp Sherman. Commander Field Artillery regiment in France (p. 1280). After war broke out did emergency construction at Fort Leavenworth in building a cantonment corresponding exactly to a section of the cantonment here at Camp Sherman, not exactly in arrangement but in general type of buildings, 30 or 40 of them to hold a regiment. I was building other things, but that is the only thing that compared to this cantonment (p. 1281).

The Quartermaster Department had published and issued a Quartermaster's manual, in the back of which you will find certain pages devoted to construction of temporary shelters for camps, Appendix 16. The buildings I constructed followed the plans in the manual, the same as the buildings at Sherman followed them, practically, except the two-story barracks. They deviated at times from the construction, but the basic construction was practically the same as outlined in that manual. It is simple construction. I had the work at Leavenworth started when I left. I let the contracts in July, 1917. They are dated August 4, 1917. They are marked "1–330–A–1" and "1–330–A–2." They were under the bid and contract system; proposal and acceptance to do the work. Sent out to different contractors, who made a bid, and the quartermaster recommended that a certain one of these bids be accepted and then forwarded to Washington, approved, and the construction started (p. 1282). The construction as long as I remained there was satisfactory and very speedy. The whole brief story of who I got the bids and started the construction is this:

That certain troops were ordered to Fort Leavenworth for station, it was the Seventh Regiment of Engineers that was to be organized there. We had no place to put them. It was part of my duty to find shelter for these men. I recommended to the Quartermaster General that a certain amount of cantonment construction be entered into there. That was approved by the post commander and forwarded. I got orders by telegraph from Washington to put out the bids for the construction of these buildings, and the War Department, the Quartermaster General's Office forwarded me plans. It was then under Col. Littell, Chief of the Construction Division at that time.

Mr. MCCULLOCH. Now brigadier general.

Col. WARFIELD. I think so; yes, sir. I, with my construction division there, got out the plans and specifications for this under that manual, using that as a basis. We made a few minor changes from it; some things we had in stock of our own and things we could do, but the majority of it was to be done by a contractor. I sent out these proposals to approximately 20 contractors, men who had done

work at Fort Leavenworth before, in the cities of Leavenworth, Kansas City, St. Louis, Topeka, Joplin, Mo., and St. Joseph, Mo.; I think we sent 21, but we had about 20 bids.

Mr. McCulloch. How long did it take that machinery to get going?

Col. Warfield. It took 10 days.

Mr. McCulloch. Now, go right ahead.

Col. Warfield. These men at the end of 10 days—I told them it was an emergency, and they had to get the bids in quick; I gave them 10 days. Some of them came personally to Fort Leavenworth and interviewed me on it. The plans were sent me—the blue prints were sent me from Washington by registered mail. I then made copies of them—I only could get one copy; I made copies and gave these contractors the prints and proposals, and they sent in their estimate, made their bids, and submitted with them a certified check of 10 per cent of the bids. I took four of those bids that I considered the most advantageous to the Government, eliminated the rest of them. This was for the buildings; I also had contracts for the electric wiring and for the sewage.

Mr. McCulloch. Those were the utilities.

Col. Warfield. Yes. I eliminated all but four of them, and I decided of those four that three were the most advantageous, I think, and I sent those in recommending that one of them be accepted. Now, this one that I recommended to be accepted was not the lowest bid, but there was a very small difference, and the reason for that was that I didn't think the lowest man had the facilities or the financial backing to make sure that he would carry the contract out, and I so stated in my recommendation. Things were very busy at Washington, I know, and I telegraphed several times to get authorization to go ahead with that work. I could get no reply from Washington at all. The contractors insisted that within 10 days from the time that I had given them—that they had put in their bids they had to have an answer as to who was to get the contract in order to hold the prices that they had bid on.

Mr. McCulloch. So as to cover for materials?

Col. Warfield. So as to cover for materials; that their prices wouldn't hold over 10 days. On the morning of the 10th day I hadn't heard from Washington, and I let the contract anyway, and we went ahead and built the cantonment; had it about half done when I was relieved from there and ordered here.

Mr. McCulloch. How long did it take to do that half?

Col. Warfield. I was in Fort Leavenworth again in less than two months later, and the buildings were all up, completed, occupied with troops in them, everything done.

Mr. McCulloch. The work was speedily done, then?

Col. Warfield. Very speedily done. In fact, within a week—five days to be exact, I think the time was—the contractor already after he had been given the contract had five buildings up and completed.

Mr. McCulloch. How long afterward?

Col. Warfield. Five days he had five buildings up. He was building a building a day. Of course, they were just small temporary buildings, nothing but sheds, you know.

Mr. McCulloch. The same type building as Sherman?

Col. Warfield. Single story; yes.

Mr. McCulloch. All the difference was these are two-story barracks at Sherman?

Col. Warfield. Yes (pp. 1283, 1284).

Some stood on posts and some on cement pillars. We put the pillars under. I have the exact figures of what these buildings at Leavenworth cost. The contractor built these 10 barrack buildings, 10 mess halls, 1 kitchen, 5 bathhouses, and 5 latrines, furnishing everything, for $31,289.50, and built them speedily and satisfactorily (p. 1284). Practically the same character of work as at Camp Sherman, except that the quality of lumber was better. The worst lumber that went into the Leavenworth buildings was at least 50 per cent better than any they ever put into Camp Sherman. My specifications called for No. 1 lumber, and that went into the buildings. The lumber at Sherman in the buildings we occupied could not be graded better than No. 3 anyhow; full of knot holes and cracks. I continuously had my carpenters caulking up my knot holes, putting tin on them, and strips to keep the snow and rain out, all the time I was there (p. 1285).

I have figured the cost in cubes and squares of what I constructed for the barracks buildings 20 by 147. I estimated $1,370.60. It was actually constructed by the contractor for $1,886.10, or a cost per cubic foot of 7.4 cents, including electric light and plumbing, all accessories. Exhibit 5 is these calculations.

I know of a comparison between buildings, under a bid contract and a cost-plus contract; small storehouses constructed on a bid contract. The two buildings cost me $1,248, approximately 8.10\frac{39}{77}$ per linear foot. Two buildings right alongside, built under the cost plus, cost $5,279.43 each, 17.59\frac{24}{33}$ per linear foot, more than twice as much, less than two months later, but there were the two by contract and two by cost plus (pp. 1286, 1287).

The 10 barracks I built were to hold 1,440 men, a regiment at that time (p. 1287).

Mr. Doremus. Yes. Well, let us figure it out. We will say $32,000 for the job; 1,440 men to be housed. If my calculation is correct, that is about $22.20 per capita.

Col. Warfield. Yes, sir.

On the job at Leavenworth there were no special buildings built, merely the shelter for the men, and they were southern constructions. Afterwards they were boarded up on the inside and made northern construction at an additional cost (p. 1289). I don't believe a contractor could have been found who would have taken a contract and built Sherman on a lump sum, unless he had the Government behind him in giving him positive prices that would have prevailed during the construction of the work. The War Material Board fixed prices in order to stop fluctuation (p. 1289).

I don't know of plans made in 1916 to include the particular specifications used in Camp Sherman. Those plans in there include temporary mobilization camps, southern construction.

Col. Warfield. Now, the Quartermaster General did have plans for practically any kind of construction. The quartermaster General's Office had those plans. I have seen them. I was in the Quartermaster's Division for 12 years, off and on. They had plans. A

plan made last year, if that same plan was used to-day, the contractor would, in figuring his bid, have to certainly take in the changed conditions under which he did it, but he could take those plans as a basis and submit an intelligent bid without a question, without a doubt.

Mr. DOREMUS. You think, then, from the plans in the Quartermaster General's Office in 1916, and which appear in the manual, the contractor could have made an intelligent bid for the construction of one of these large cantonments?

Col. WARFIELD. With the possible exception of the refrigerating plant or some extra construction that was not contemplated when that manual was made, and those things could have been gotten and they did have at that time supplemental plans to those covering those things.

Mr. DOREMUS. Well, Colonel, in your answer you have taken into consideration the difference in the topography of the country at which these various 16 cantonments were situated?

Col. WARFIELD. Oh, I don't mean to say in my answers that he could bid on any one—or all of them, I mean. He could bid on certain ones. My answer is this: The contractor taking the plans and specifications as prepared by the Quartermaster General as a basis could have figured out an intelligent bid for any cantonment that was built, by taking into consideration the difference of the climate, the added cost of northern construction as against southern construction, if he had been guaranteed by the Government a stabilized price for his materials, and a stabilized price for labor conditions.

Mr. DOREMUS. Did these plans contain any specifications regarding highway construction?

Col. WARFIELD. Those particular ones did not, but the Quartermaster General had plans—had plans at that time—for building highway construction. I had them right on file in my office.

Mr. DOREMUS. Well, in any particular site? At any particular site; would those specifications have applied to any site regardless of the topography of the country?

Col. WARFIELD. The basic specifications for building roads apply anywhere (p. 1290).

Under the circumstances which prevailed at the particular time, I don't believe the cost-plus system of awarding contracts was bad policy. The only thing that I can criticize is the proposition of the way they did the cost-plus contract work. Taking all the circumstances, they were done in a reasonable time; but, just as sure as I am sitting here, it could have been done a whole lot sooner (p. 1291). I am certain it could have been, and for a less amount of money.

Mr. DOREMUS. I would be glad to understand further as to your reason for that conclusion.

Col. WARFIELD. Well, the proposition is simply this: Under all the existing circumstances results obtained are what count, and we did obtain the results; we did get the cantonments built, and we got them ready for the troops. So Camp Sherman was not ready for the troops when they arrived there, but the arrival of the troops was so graded as the troops did come in they were housed. There was no soldier at Camp Sherman ever slept out of doors. There was no soldier that was not provided with a barracks over his head when he got there. They were not all finished when they got there.

I had a regiment in camp. My men were drilling alongside a building when the men were working in it. They slept a few nights without electric lights in the building. They were put in later. They slept a few days without a sufficient number of bunks; they didn't have all the proper clothing they needed; they didn't have the shower baths connected up when they all arrived there, but those things did come and gradually worked out. But I know from my experience at Camp Sherman; I had just come from where I had been interested in building a cantonment. I had been busy morning and night, sometimes on horseback and in a machine and my wagon, and was particularly interested in watching this construction, seeing it was done, seeing that there wasn't somebody sitting around a minute. I came from there to Camp Sherman right in the midst of the same thing going on, where I had no authority, and I saw men sitting around all the time. I saw 10 men employed where I am absolutely sure that 2 would have done the job in the same time, and better.

To illustrate, I can give a definite illustration. Connected with my building, my own personal quarters, there was a shower bath, hot-water tank, and two latrines. When I arrived there I went out in this place, fixed up, attached to my particular quarters. Sitting in the corner were two water-closets, cement floor all in, two holes cut through the cement floor to connect them up, water tank standing in the corner. Standing beside it a pipe with shower pipe attached. I waited a couple of days and I decided I had to take a bath some way. I knew the construction quartermaster of the camp, who was a personal friend of mine. I called him up and asked him if he could have my water connected up. He said, "You call up Mr. Gibbons, the contractor, and tell him I told you to call him up and see if he couldn't get it in." I did. Mr. Gibbons said, "Yes; I will send some men up and have it done for you." He sent up two plumbers and a helper. Those two plumbers took nearly nine days to connect up two water-closets, one hot-water heater, two shower baths, and a little urinal about that long, and a place to wash in—a room 20 feet by 20 feet square with the stuff all in it. I went out and watched the work; I was interested in it. I thought, "I will see how these people work; they aren't working for me, but I would like to see how these people are doing the job." No one ever came around to supervise those men any of the time that I saw. The first thing they did, they spread their tools out, then they got some lumber and came in. All four of these men built themselves boxes to hold their tools in; made them nice boxes with locks, hinges, and everything else. Then they went out and got some paint, carefully painted them. I watched them; I also reported it to the camp construction quartermaster. Then they went to work for me.

There was a little corner stuck about 2 inches which stopped the door from being closed. It took those four men all day long to cut off a corner about 4 inches square—took four men all day long with cold chisels; three men watching the other man do it, while I sat there and watched them, too. It was right out my window; I could see it going on. They did the same thing in other buildings in that camp. They did the same thing all over that camp. I saw that done, sir. I am an Army officer; I have been in

20 years. I have been in the construction department. I know how those things should be done, and I am perfectly willing to tell anybody, and I am on the stand now testifying, that there was not proper supervision of the work done there at Camp Sherman. I know nothing about any other, but at Camp Sherman there was a waste of material, a waste of time, a waste of labor, and a great waste of Government money, and I say that from my experience as a quartermaster, a construction quartermaster.

Mr. McKenzie. Colonel, I think we all understand that soon after we got into the war, the Government took a hand in fixing the prices of all materials that went in the construction, such as lumber, cement, and plumbing fixtures, all sorts of things. But I am simply making that statement to preface a question I want to ask you. Isn't it a fact that contractors, men in the contracting business, in figuring on a job, large or small, have a certain unit from which they figure; for instance, couldn't the construction of these cantonments have been figured, so far as the wooden structures are concerned, by taking a cubic foot construction as the unit, and couldn't the roads have been estimated or figured for bid by the contractor at so much per cubic or square yard, and all along the line they could have made an estimate and figured what they could have done it for per cubic foot or per square yard or so much per foot for laying water mains, and take a contract at a flat price with two reservations in the contract, one to protect them against an unusual rise in price of labor or in materials, and in that event that they could go back to the Government and have that readjusted? Now, couldn't that have been done?

Col. Warfield. It could have been done, but I don't believe the ordinary contractor would have taken a contract in that way, though.

Mr. McKenzie. Well, possibly——

Col. Warfield. It is possible; certainly.

Mr. McKenzie. I would simply say that I suggested those two propositions because those are the safeguards that Gen. Goethals suggested should have gone into a contract for the protection of the contractor.

Col. Warfield. If the contractor had had proper safeguards he would have taken it. As to what those safeguards should have been, I am not competent to say.

Mr. McKenzie. And at that time, he said there would have been no difficulty in getting contracts if that had been done.

Col. Warfield. I don't believe so, either (pp. 1292–1294).

* * * * * * *

Col. Warfield. My contention, and what I have always believed the Government should have followed in building that cantonment was, to build them themselves. My idea was, the Government should have built these cantonments themselves, just the same as though they were the contractors; bought the material, hired the labor, and built them.

Mr. McCulloch. And put their engineers on the job?

Col. Warfield. And put their engineers on the job. They had engineers, of course, and if they didn't have, they could go out and commission big men who would have done the job out of pure patriotism or for their reputation and built them themselves, and I believe they would have been millions of dollars ahead (p. 1295).

FRANK MESSER, Cincinnati, Ohio (pp. 1296–1313):

President Ohio Building & Construction Co. My concern is a corporation doing general contracting and construction work. Do not specialize. Build factories, school buildings, warehouses, office buildings, and general construction, Y. M. C. A.'s, power plants. Have done work for the United States and for individuals and corporations. Now have $2,000,000 worth of business on our books. Have complete equipment for handling construction work, and do all our own work. Finished contract for the Government during 1917, but did no work for the War Department. Made an effort to get contracts in the emergency. Filed questionnaires showing financial responsibility with Col. Starrett, of the emergency construction committee. I went to Washington during the summer of 1917 twice, in June and in August, and again in June and August, 1918. The sole purpose of my visit was to get contract work. Saw Maj. Foster and John Donlin (pp. 1296, 1297). Donlin stated to Starrett in my presence when in session, "Here is a man you can trust fully. They have never had a strike and are the most successful contractors in that part of Ohio. He is a good bet." Maj. Foster said, "Colonel, there is a man that is a sure bet. If you give him any work I am sure he will make good." I never saw Mr. Tuttle or Mr. Olmsted. I told Col. Starrett, "Colonel, I have put myself on record that I do not want a cent profit of any kind in connection with any work that you may intrust to us. I will give you my personal service. If necessary, I will work 18 hours a day myself for various reasons. My reasons are this: I worked mighty hard and worked this business up, and have accomplished the business that I am in; I want to preserve my organization, my equipment, and be in position to take care of my family and at the same time to do my bit." I said, "It is a crime for a man of my ability to be walking the streets doing nothing." So he told me, "We haven't any work in your territory; I can do nothing for you." I said, "It don't make any difference, Colonel; our territory is any place from the Atlantic to the Pacific" (p. 1298).

This particular conversation was after the Camp Sherman contract. I had conversation prior to that contract and filed a questionnaire (p. 1298).

My plant is approximately 100 miles from Chillicothe, where Camp Sherman is. Toledo is probably 160 to 170 miles, so I am in the zone.

The Fuller Construction Co. got work in my territory at Ancer, building the nitrate plant near Cincinnati. I would have been willing to have taken that work, which was work let at Louisville, 150 miles from Cincinnati. I was willing to enter upon Government work under the system of lump-sum contract at all times during the emergency. In fact, when I came to Washington the first time, I went there prepared to figure on any work they might put before me. I didn't know they were going to let contracts on the cost-plus basis until they were let. I thought they were going to be let on the lump-sum basis, or unit price. By unit price I mean so much per yard for concrete, so much an opening, so much a thousand feet of lumber to erect, and so on, and I was ready to meet the requirements by furnishing the necessary bond and offering to do the work on a

lump-sum basis and told Col. Starrett so (pp. 1299, 1300). The hazard to a contractor in bidding on work on a lump-sum basis during such an emergency would not be great. In the first place it always depends on how you train your crew to begin with; second, if an emergency arises that this work has to be pushed through in one-third of the time as it would under normal conditions, we worked three shifts; we have entered into many contracts on that same basis, the only provision that we make in the contract is that we bid on a straight basis, which we call an eight-hour shift; if a second shift is required, the owner puts himself liable for the additional cost on the second shift, which amounts—we pay for the second shift for eight hours when we only get seven hours' worth of work. The owner is liable for the necessary overtime; he pays the additional overtime rate. In other words, we pay the regular rate and the owner would pay us for the additional hour. For instance, on Saturdays, if we worked Saturday afternoons we stand the additional time and the owner pays the additional amount.

Mr. McCulloch. Now, it has been urged as a reason for entering into the cost-plus contracts that there was great uncertainty as to the costs of materials and great uncertainty as to the labor; that it might fluctuate, and that no contractor, without providing a margin that would be exorbitant to protect himself, could enter into these lump-sum contracts.

Mr. Messer. These fluctuations take place every day in the year.

Mr. McCulloch. Now, will you tell the committee how a contractor bidding on a lump-sum basis protects himself against those fluctuations and insures himself against loss by reason of the fluctuations, and at the same time bids at a reasonable price with assurance of a reasonable profit?

Mr. Messer. For illustration, we have a job under construction now that requires 1,000 tons of steel. When we figured on that job last April we took quotations from the steel mill at Chicago, or at Indiana harbor, on approximately 1,000 tons, more or less. In other words, if it takes 1,500 tons, they have to furnish 1,500 tons; if it takes 750 tons, we do not use any more; but we dare not use that steel for any other contract. We bought that steel for $2.58 a hundred, which makes about $51.60 a ton. The present price is considerably higher, but we are completing it on that quotation, due to the fact that we took the quotation when that bid went in. The quotation from the lumber mill and the cement mill, they quoted us that they will furnish us all the material under the respective headings for so much—so much a barrel—the cement required for the job, and so for painting, and then when the building is finished we measure it up and here is your price.

Mr. McCulloch. That would be good as to the number?

Mr. Messer. As to the number, or size, or any way; it don't make any difference.

Mr. McCulloch. So you confirm the statement and system that the chairman has been urging, that the unit system is a practical one?

Mr. Messer. Practical; the railroads work on that.

Mr. McCulloch. Under all the practical phases of it? What would the effect of such a contract be in carrying it out?

Mr. MESSER. The speed is the only way; not increasing the men. If you increase the men, you reduce efficiency. Increase the hours; work two or three shifts. Do not work over eight hours; when a man has worked eight hours he has put a day in; all over eight hours he is no more efficient.

Mr. MCCULLOCH. Isn't the proper thing to do to put the incentive on a man to get it done promptly and efficiently?

Mr. MESSER. Absolutely so.

Mr. MCCULLOCH. And if he hasn't that incentive——

Mr. MESSER (interposing). Then you can do nothing with him.

Mr. MCCULLOCH. The cost-plus contract takes that incentive away from him?

Mr. MESSER. Yes, sir.

Mr. MCCULLOCH. And puts a premium on the increased pay roll and increased time and material?

Mr. MESSER. Once in a while we have a cost-plus contract in Cincinnati, but we keep it absolutely confidential that a man should not know that that is a cost-plus job, because once they find it out they lay down on you.

Mr. MCCULLOCH. Now, suppose the lumber prices were fixed at $20 and $22 a thousand, say; $20 for southern, and $22 for Carolina; suppose the scale of labor were fixed in that community where the contract is to be completed——

Mr. MESSER (interposing). Then there is no risk at all?

Mr. MCCULLOCH. And the hardware prices; what would be the risk to the contractor?

Mr. MESSER. No risk whatever. It applies the same way if you figure on a building——

Mr. MCCULLOCH (interposing). That is, you mean there would be no risk in bidding on a lump sum?

Mr. MESSER. Yes, sir.

Mr. CHANTLAND. Is that what you mean or not?

Mr. MESSER. Yes; no risk at all, because if there is an increase in the lumber, they based it on $22, the owner would pay the difference; if there would be a decrease the owner would get the benefit. In other words, the owner has put the lumber down for so much, as we figure, in accordance with the specifications.

Mr. MCCULLOCH. Did you, in your effort to get work, did you visit Gen. Marshall?

Mr. MESSER. Yes, sir.

Mr. MCCULLOCH. What conversation did you have with him?

Mr. MESSER. That was the last resource. I went to see Gen. Marshall.

Mr. MCCULLOCH. When was that, about?

Mr. MESSER. That was in October.

Mr. MCCULLOCH. 1918?

Mr. MESSER. 1918; yes, sir.

Mr. MCCULLOCH. And what did the general say to you?

Mr. MESSER. I had quite a long talk with the general, and I told him the conditions that I have been fooling around here and told him my experience. He says, after he had listened to me and I got through, he says, "Mr. Messer, I am very sorry, we do not do any recommending here; it is entirely up to Col. Starrett."

Mr. MCCULLOCH. That is, on the Construction Committee?

Mr. MESSER. The chairman of the Construction Committee. I said, "General, I have been to see Col. Starrett so many times he is sick and tired to look at me." I said, "General, I will illustrate the proposition to you. I am in the contracting game; if I have a job in any part of the town, if a man comes over to me for a job, if I do not want to hire the man I tell the man I do not bother with the hiring, see the superintendent; he does the hiring. I do not bother with it." But, I say, if I want to give the man a job I address a note to the superintendent, Jim Jones, "kindly put John Smith at work," and Jim Jones will not turn him down, because I do not want him turned down. I say, "If you mean what you say, give me a letter to the colonel immediately."

Mr. MCCULLOCH. What did he say?

Mr. MESSER. He said, "That is against the rules of the Army."

Mr. MCCULLOCH. You didn't get the letter?

Mr. MESSER. No, sir.

Mr. MCCULLOCH. Now, did you stand ready at all times during the emergency to bid upon the construction of buildings for the Government?

Mr. MESSER. Yes, sir.

Mr. MCCULLOCH. On the lump-sum basis?

Mr. MESSER. Yes, sir.

Mr. MCCULLOCH. And so notified the authorities?

Mr. MESSER. And so notified the authorities.

Mr. MCCULLOCH. Were you ready to bid on the buldings at Camp Sherman on a lump-sum basis?

Mr. MESSER. Well, I went to Washington with that intention.

Mr. MCCULLOCH. Well, would you have done so?

Mr. MESSER. Yes, sir; but I was not given an opportunity. I was simply told to go on home, everything would be looked into, and we would hear from the committee, and that was the last of it until I noticed in the newspapers that the 8—or was it 16—cantonments had been awarded to the various contractors (pp. 1300–1303).

Among the prominent contracting firms that had Government work in my vicinity during the war were George A. Fuller, Thompson Starrett, Bentley & Griffith. I had not heard of Bentley prior to the cantonment contract, but since then I have heard a good deal of him. Not all of the contracting firms that were awarded contracts by the Government bore a good reputation. A lot of them were brokers—not contractors, but just brokers. In fact, Thompson Starrett Co. was a brokerage concern. They are financially responsible; but in this case they didn't require financial responsibility. I say this because the Government furnished all the funds (p. 1304). They furnished the funds when the bills were due; and also in their case a bank would not have hesitated to loan to any contractor, regardless of his responsibility, to the extent of $1,000,000 to advance for pay roll.

Mr. DOREMUS. Do you want the committee to understand that in the letting of these contracts it was entirely immaterial whether the contractor was responsible or irresponsible?

Mr. MESSER. Yes.

Mr. DOREMUS. You, of course, are aware that in this cost-plus contract the contractor was required to put up a bond?

Mr. MESSER. Yes.

Mr. DOREMUS. Conditioned upon the faithful performance of the work?

Mr. MESSER. Yes. When I say financial responsibility I do not mean that a contractor has not got a dollar to his name; but take, for instance, the Thompson Starrett Co., we all know that they are backed by New York capital, and so are George A. Fuller & Co.

I don't have to believe my assertion; it has been illustrated. As far as financial responsibility is concerned, if they are worth $200,000, that is not sufficient to furnish bond for a $8,000,000 bond, and they could not have furnished it under private contract—absolutely not—because Uncle Sam was back of these jobs. Therefore the bonding companies did not hesitate to go with them on a cost-plus basis, because there were no losses to be sustained (p. 1305).

Mr. MESSER. In some cases—I know I was once in Col. Starrett's office, and the clerk there told me that Bentley waited once for payment for about six weeks—about a million and a half, or something like that. Now, Bentley didn't have a million and a half. I will bet that much. Where did he get it? He did not have that. The bank loaned it to him all right. It paid him very well to pay 6 per cent interest. He made enough money on the job and he waited for his money only until the money came forth, and the clerk himself told me the reason why payment did not come forth was through the construction quartermaster and because he did not voucher it in time.

Mr. DOREMUS. I suppose you know as a matter of fact, Mr. Messer, that various contractors were held up from time to time?

Mr. MESSER. Yes.

Mr. DOREMUS. In getting their money from the Government?

Mr. MESSER. Yes.

Mr. DOREMUS. And if they failed to get their money from the Government the banks that made these advances would have to depend solely on the contractor; isn't that true?

Mr. MESSER. I did not quite get you.

Mr. DOREMUS. I say, if the Government failed to make the advances the bank could only rely upon the contractor for the moneys it had advanced to him?

Mr. MESSER. Oh, of course, the bank could not hold the Government. That is a cinch. Of course not. No.

Mr. DOREMUS. Then the contractor was really responsible to the bank?

Mr. MESSER. The contractor was really responsible for that, yes; but the same proposition comes up in private contracts. A certain contractor has not got the money and has got a payment due, and if he can not get it in a certain time he assigns that payment to the bank and the bank advances him the money. That has been done every day in the year.

Mr. DOREMUS. Now, do you think a bank would be willing to advance large sums of money to an irresponsible contractor who was under bond of $250,000 for the faithful performance of his contract (p. 1306)?

I remember the occasion of my first visit to Col. Starrett's office in the Munsey Building. I didn't hear of the cost-plus contract at that time, not until the first cost-plus contracts were awarded (p.

1306). In fact, my visit to Washington was with the sole intention of figuring on any work that might be put before us and Col. Starrett—he was then a major—told me that the intention of the Government is to invite contractors on the various cantonments that the Government contemplates erecting—to invite contractors from the immediate vicinity for that work, and he would be glad to communicate with us in the event that they would build a cantonment in our territory, and with that explanation I left Washington. In fact, he told me there was no use to hang around there. He says, "You may go home and we will communicate with you" (p. 1307).

If I had been on the supervisory board, I would have opposed the cost-plus system as not good public policy.

I have been in the contracting business 17 years; capital stock $10,000; surplus and undivided profits close to $200,000. Have a complete organization. When I went to Washington I assumed that I would have to deal with the War Department (p. 1308). Only communications I received were about one every month, inclosing new questionnaire, to find out whether I was still alive (p. 1309).

Mr. MESSER. If you will permit me—I had a talk with Lieut. Col. Walbridge; no doubt you gentlemen know him.

Mr. DOREMUS. I know him very well.

Mr. MESSER. He has charge of the northern division and he is acquainted with our company and knew me personally, and he said, "Mr. Messer, I would like to have you under my jurisdiction," and I says, "Col. Starrett always puts me off from day to day. He says nothing coming out, and the next day I see where a certain work has been awarded but the day before; he did not know anything about anything." He says, "Here are three jobs going to be awarded here next week."

Mr. MCCULLOCH. Who said that?

Mr. MESSER. Lieut. Col. Walbridge. One at Atherton, Pa.; one at Fishers Island, S. C.; and one at Sullivan Island, around Connecticut. Each of these jobs were to be let, and the appropriation was made, and the cost was $800,000 or $300,000—I don't remember the exact amount, but that doesn't matter. Any place I would go I was ready and willing to give my time and service any place; and he gave me a memorandum in his own handwriting, and he says, "You go over to Col. Starrett and tell him these three jobs are going to be awarded within, I believe, to-morrow or the next day or so, and tell him I said I want you under my jurisdiction." He had charge of the northern division and I went over—you know I did not lose a minute's time. All I did from morning to night was just to go from one place to another. I came to the colonel and he said, "How do you do, Mr. Messer." I says, "Good morning, Colonel." He says, "What can I do for you?" I says, "I have just met Lieut. Col. Walbridge and he told me that three jobs were going to be awarded shortly and I hope to be the lucky one on one of them." He says, "What jobs are they?" That is the very question he put. I told him, "Read it off from the memorandum here." He says, "This is outside of your territory; you can not be considered for any of these jobs" (pp. 1310, 1311).

Not exaggerating, I was in Col. Starrett's office sometimes 20 times a day, 50 times all told. Saw Mr. Bentley there quite often. Never

missed him at Starrett's office, and they addressed one another as Jim and John, or something like that (p. 1311).

Yes; I was a successful bidder for the big Dixie Terminal Building, now under construction. When completed it will be more than a $3,000,000 structure (pp. 1311, 1312).

By irresponsible contractor I did not mean a dishonest one nor a bankrupt one. I said by irresponsible contractor I meant that a contractor who is worth $100,000 or $200,000 is not qualified and he could not furnish surety bonds to the extent of a $10,000,000 job (p. 1312).

(Exhibits identified and introduced:)

JULY 1, 1918.

Mr. JAMES BENTLEY,
Vice President the A. Bentley & Sons Co., Toledo, Ohio.

DEAR JIM: I have your letter of June 28 about the work at Jacksonville, Fla., and assure you that you will be given careful consideration for any future work that may come up there.

Yours, very truly,

W. A. STARRETT.
Colonel, Quartermaster Corps, National Army.

THE A. BENTLEY & SONS CO.,
OFFICE OF THE VICE PRESIDENT AND GENERAL MANAGER.
Toledo, Ohio, June 28, 1918.

Col. W. A. STARRETT,
Chairman Emergency Construction Committee,
Council of National Defense, Washington, D. C.

MY DEAR COLONEL: We have finally finished up at Camp Joseph E. Johnston, Jacksonville, Fla.

We have been doing maintenance work there for some six months after completing the camp proper. While a maintenance contract has never been let to us, the work we have been doing ever since New Year has really been maintenance work, but this has finally been completed.

We have a very large organization at Jacksonville, as we are doing some shipyard and shipbuilding work there. Should anything come up in this neighborhood which you think we could handle properly we will appreciate it very much if you will bear us in mind for it, as our organization has been so expanded that we will be amply able to take care of anything that you may be good enough to consider us for.

Yours, very truly,

THE A. BENTLEY & SONS CO.,
JAMES BENTLEY, *Vice President.*

OCTOBER 29, 1917.

Mr. JAMES BENTLEY,
A. Bentley & Sons Co.,
Field Office of Training Camp, Jacksonville, Fla.

DEAR JIM: I read your letter of October 27 with a good deal of pleasure.

I suppose in another month you will have finished that contract. It is particularly gratifying to note that you are going to stay down there and give the thing your personal attention.

I hope to go to Toledo for the opening, which, I understand, will be about the 1st. No doubt, you will come up for it, as I understand from Alfred Enoch that it is to be quite an event. I will hope to see you there and have a chance to go into further detail with you. You ought to be congratulated with the way the work is going.

Yours, very truly,

W. A. STARRETT.

THE A. BENTLEY & SONS CO.,
GENERAL OFFICES,
Toledo, Ohio, October 27, 1917.

Maj. W. A. STARRETT,
Chairman Engineering Construction Committee,
National Council of Defense, Washington, D. C.

MY DEAR MAJOR: As it is just a month to-day since we secured this contract, I thought you might be interested to know what progress we are making.

We feel that we are getting along very nicely. We are now fully organized, have all our railroad tracks in that we need, have done a large part of the clearing, and have a great many of the buildings under way, with 37 buildings completed. The temporary waterworks is in full operation, as is also the temporary lighting plant. Out of the 13,000,000 feet of lumber, we have six and a half unloaded. The plumbing and plumber's crews are organized and are getting well started. Unless something unforeseen happens, I feel that we are going to make a distinct success of this job.

Representatives of the national organizations from the carpenters, plumbers, and electricians have all been here, and they profess themselves as well satisfied with the treatment they have received. The wages have been set by Maj. Wheeler, quartermaster in charge, after lengthy conferences with these representatives. They are somewhat higher than the local scales, but the representatives of the organizations seemed to feel that nothing less would be satisfactory, and after a good deal of discussion the major finally agreed to the rates.

We expect to turn over on the first of the month to the Government forces practically all the work at Chillicothe. Up to this time we have been doing the maintenance at the camp, but the quartermaster in charge, Capt. Dabney, has finally recommended to Washington that they take it over from now on, with the exception of the library building and some post exchanges, which have only recently been ordered. This will release the balance of our organization from there and so will give us more superintendents and foremen, etc., than we can possibly use here unless this camp is enlarged very much. We are going to keep in close touch with these men so that if any additional work comes up in this locality we can build up our forces to correspond immediately.

We are getting along very nicely here with the quartermaster's forces and with the auditors. We are doing the timekeeping here ourselves, and it is working very well. Up to date we have had practically no trouble; in fact, everything seems to be running so smoothly that I am almost afraid to talk about it for fear something will happen to disturb it.

I expect to stay here a great deal of the time myself, so that if you have occasion to write me you can address me here, and if I am not here it will be forwarded to me immediately. It will reach me much quicker than it will if it goes to Toledo.

I presume you have heard from your own office in regard to the La Salle & Koch Building. We had this building completed on the 10th, but they were unable to move into it on that date owing to the lack of fixtures, which they are furnishing themselves. I believe, however, that if they have not opened up by this time that they will do so on the 1st. The building is a beautiful one; in fact, it is the best-looking department store I have ever seen. The outside, now that it is cleaned up, is the best-looking building in Toledo, and I think La Salle & Koch and the Scott Realty Co. both feel the same way about it from what they have said to me (pp. 1313–1315).

With personal regards, I am,
Very truly, yours,

JAMES BENTLEY.

MARK H. MECHLIN, Columbus, Ohio (pp. 1315–1321).

Have been engaged in the lumber business practically all my life with my father. Employed at Camp Sherman in the field auditing department of the War Department as a civilian; originally as a lumber inspector, then foreman over a number of lumber checkers. Duties, to pass on the grade and supervise these checkers to see if they checked the lumber as it was unloaded from the car.

Mr. MECHLIN. Well, it was a very difficult matter to do—to check the lumber. We had a limited number of checkers, and the number of cars varied from day to day, varying from 30 to 55 or more cars in a day, and the number of checkers possibly would vary from 25 to 35 (p. 1315).

I don't think we ever had more than 30 checkers at any time. In July and August it was coming in about an average of 40 cars.

Mr. MCCULLOCH. Will you detail the difficulties that you encountered?

Mr. MECHLIN. The lumber was unloaded rapidly; sometimes unloaded from both sides of the car at the same time, and it was thrown on the ground; it was not piled up; it was thrown on the ground and it would be loaded on wagons or on trucks and carted away, and it was a very hard matter—almost an impossibility—to get a correct checking.

Mr. MCCULLOCH. How many checkers did you have on a car?

Mr. MECHLIN. We never had more than one, and sometimes one checker would be called upon to check more than one car at a time, which is a practical impossibility to get anyways near a correct check.

Mr. MCCULLOCH. What, if any, reports were rendered by you and how often were they rendered?

Mr. MECHLIN. We rendered our reports every day—each day.

Mr. MCCULLOCH. To whom?

Mr. MECHLIN. We turned them into the auditor's office.

Mr. MCCULLOCH. Did you feel satisfied with the reports as they went in?

Mr. MECHLIN. No; I couldn't say I would feel satisfied with them. If I were buying the lumber, I would not have wanted to buy it on that sort of a check and inspection that we were giving, but we did the best we could.

A few cars were rejected. I believe in one instance a rejected car was taken off the track where I was working and unloaded on another track (p. 1316). Don't know on whose order. I don't know of any cars that had been sent out of camp that had been rejected.

Worked at Camp Sherman from third week in July, 1917, to the 8th of December, same year (p. 1317).

The defects in the system of inspection were not necessarily due to the lack of sufficient number of inspectors. Real trouble was that the lumber was shipped at random lengths, flooring, siding, or ceiling. These lengths were hauled in at random. The contractor's superintendent was responsible for the unloading and the way the lumber was handled. We had nothing to do with that. I called it to the attention of the chief inpsector, my superior. He said he would investigate or look it up, but I never could get any satisfaction or any result. No improvement noticed. My chief inspector was C. C. Pickett (pp. 1318–1319), representing the Government. Also protested to the labor foreman about the method of checking. His attitude was very hostile, and one time we almost got into a fight about it. Represented the contractor Bentley, and I represented the Government.

Mr. MECHLIN. They were unloading lumber and throwing it on the ground from both sides of the car, unloading and hauling away;

and I told him we could not check it; and he said he wasn't interested in our checking, but he was interested in getting it out of the car; and that was the answer he gave to me—that was the bulk of it, and the rest of it would not be to the point (p. 1319).

It impressed me that my work was important to the Government, and the labor foreman was apparently interested in getting the lumber out of the car, regardless of whether or not it was checked (p. 1319).

We would never see an invoice unless we were a certain percentage under the shipper's bill of it, and if we were low probably 5 or 10 per cent, why, our report would be sent back, together with a copy of the invoice, showing the shipper's check on it, and we would be asked to verify our figures—to go over our original figures again to see if we had made a mistake, and that is the only time we would know when we were short. Then that would probably be a week afterwards, after the car had been unloaded, and the lumber may have been in a building by that time and we would have no way to recheck the lumber.

Mr. DOREMUS. Did we understand, under your inspection system, you had no way of knowing when the car was short of the quantity that had been invoiced?

Mr. MECHLIN. Absolutely not (pp. 1319–1320).

If there was a shortage, we could not compare in the field our bill with the shipper's report, because the shipper's report would be in the office, and we had no access to the office. We were seldom called to the office.

Mr. MECHLIN. Our report, together with the copy of the invoice—I suppose it would be a copy, or probably the original—would be sent out and they would ask us to go over our original figures and see if we had made a mistake. If we had, all we could do was to return it; that was all the check we had on it. That was all we could say. We had no way of rechecking the lumber.

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Mr. DOREMUS. I would like to have the record show that this suggestion to which I just referred was made by Col. Cooper, of the Construction Division of the War Department.

Mr. MCCULLOCH. This is the first time I knew that Col. Cooper was to be here—was this morning—and I would like to inquire whether Col. Cooper is here by invitation of the committee or by invitation or by the request of the War Department?

Mr. DOREMUS. I presume that I have more to do with Col. Cooper being here than anybody else, and I told Col. Cooper a day or two ago about this hearing and told him that if he desired to be present the committee would be very glad to have him here. And I assume that there is no objection to it. I certainly hope there is not.

Mr. MCCULLOCH. There is none whatever on my part. The only thing I had in mind that I thought the record ought to show that Col. Cooper is here, because the nature of the question seemed to me to be such that I thought the record ought to disclose the fact that he is here.

Mr. DOREMUS. Personally I am very glad that Col. Cooper is here, because I think it is very proper that he should be here.

Mr. McKenzie. I will simply state for the record as chairman of the committee that I did not know anything about the colonel's coming. It was not suggested to me, but I also want the record to show that I have no objection to his being here. If there is anybody on the face of the earth that they can produce to assist in lifting some of these clouds that have been overhanging, we would all certainly appreciate it.

Mr. Doremus. And I will also state, in order that it may appear in the record, that Col. Cooper suggested to me that Capt. Rhoades, of New York, was on this job as assistant quartermaster, I think, from the time it was started until it was completed, and asked me whether I thought the committee would desire to have Capt. Rhoades here at this hearing. I told Capt. Cooper that I would take the matter up with Mr. McKenzie, the chairman of the committee, and find out what he thought about it. I took the matter up with Mr. McKenzie, and he said he thought that it would be very proper to subpœna Capt. Rhoades and asked me to go to Mr. Graham's office and have a subpœna sent to Capt. Rhoades, which I did. The chairman of the committee, I understand to-day, has received a telegram from Capt. Rhoades saying that he would be here tomorrow.

Lieut. D. W. Myers (pp. 1322–1330).

Am a lawyer. Worked at Camp Sherman both as a civilian and an officer. Came as a civilian July 30, 1917, until August 7, 1918, when I was commissioned in the Construction Division, and stationed there in the same employment up to March 30, 1919. During that period I occupied practically every position in the field auditor's department (p. 1322).

Had occasion to examine the contract and to observe its working out in a practical way (p. 1322).

Mr. Myers. I did think and I still think that the contract was entirely too abbreviated for the scope that it was intended to cover and did cover. The provisions in that contract were brief and indefinite, and when that contract was placed in your hands in the field to interpret the activities that were going on in connection with it there was nothing there to guide you and it was a long tedious matter to get information concerning the proper interpretation of these provisions from Washington and frequently you were operating under things you were not fully advised upon, of course, as to whether or not the cost-plus contract was the proper thing in the beginning, would be one question, and whether or not it was along in the latter part of 1918, is an entirely different question as related to the construction of the cantonment.

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Mr. Myers. I do not think that the cost-plus contract was at all necessary in construction work that I observed or that could naturally come up in the United States during that period, say from June, 1918, until the close of the war.

Mr. McCulloch. Whatever its necessities may have been as expressed by those who adopted it, how did it work out in 1918 as to being satisfactory or otherwise; what was the result of its operating during that time?

Mr. Myers. It was not satisfactory to the Government men placed in charge to see that it was carried out. It necessitated too much

duplication and it also necessitated, by reason of that duplication, very unnecessary expenditure of money.

Mr. McCulloch. Now, by duplication, what do you mean?

Mr. Myers. Well, as an example, we were operating under requirements that stated that the contractor should keep the time of the individual workmen and also that the Government, through its field auditor, should keep that time. That was an entirely unnecessary duplication in time keeping. We had an entire auditing organization that must have been able and capable of taking care of all that work, and the contractor also had the same kind of an organization. We had in connection with our organization officers in charge of construction, many employees that were out observing the operations of the work and superintending it as such. The contractor also had the same kind of men. There were many instances of that kind where there was a duplication.

Mr. McCulloch. And the Government paid the entire bill?

Mr. Myers. Yes.

Mr. McCulloch. In other words, the cost of both organizations was checked up against the Government?

Mr. Myers. Yes.

Mr. McKenzie. Double overhead?

Mr. McCulloch. Double overhead?

Mr. Myers. Entirely so (pp. 1323–1324).

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Mr. McCulloch. What would have been your suggestion during the year 1918, if you didn't have the cost-plus contract; how would you handle it?

Mr. Myers. I would have handled it through the constructing quartermaster. They always had a constructing quartermaster on these projects. He had some officers under him—as, for example, an officer in charge of construction, an officer in charge of property, an officer in charge of transportation, an officer in charge of sewers—and they could easily have handled that work as well as the contractor, because they worked together, anyhow, and it was really a duplication of men. The Government by that time had acquired considerable construction equipment on its rental basis.

During the original construction there was a volume of equipment that was put out on a rental basis and became the property of the Government; and, in addition to that, if the Government did not own it, it might as well rent it and pay the individual owner as to have the contractor rent it and hand the money to him through a third party. There was nothing gained; there was no money saved by the contractor renting equipment and the Government paying the contractor and letting him turn it over to the individual owner of the equipment.

Mr. McCulloch. Then, as I understand, you observed a conflict of interest that worked to the disadvantage of the Government?

Mr. Myers. I so interpreted it (p. 1324).

It was a wide-open proposition for the contractor. It would not work to his disadvantage. That is the basis of my complaint.

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Mr. Myers. Yes; and I can cite one particular instance in the contract which relates to subcontracts as to just what a subcontractor's fee would be based upon. That comes to my mind now,

and that is as to the material purchased by the Government and sent to the camp and put in place by a subcontractor, as to whether or not he would be entitled to a fee on the cost of the material and also a fee on the cost of the labor in putting it in place. The contract is very indefinite, and, in fact, it doesn't say anything about that provision, and I personally took the matter up with Col. Shelby and finally got an opinion on it.

Mr. DOREMUS. You are speaking now of the subcontracts?

Mr. MYERS. Yes; the subcontracts provided for by the general emergency contract?

Mr. MCCULLOCH. As a matter of fact, they could employ as many subcontractors as they saw fit under the contract?

Mr. MYERS. Provided they could get the construction officer to approve them.

Mr. DOREMUS. Do you mean the construction quartermaster?

Mr. MYERS. Yes; that was the contracting quartermaster, and practically all of these contracts (p. 1325).

The subcontract was held to cover material and labor and the matter of fee (p. 1325).

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Mr. MYERS. Yes; and, of course, then the contractor would get a fee upon the entire amount, including the fee paid to the subcontractor; but, of course, at a less per cent than he would for the work that he actually performed for himself.

Mr. MCKENZIE. Who rendered that decision?

Mr. MYERS. Col. Shelby.

Mr. MCCULLOCH. What do you say as to the possibility of your maintaining cost record under the system imposed upon the field auditing force by the War Department?

Mr. MYERS. It was impossible.

Mr. MCCULLOCH. What was the result of that?

Mr. MYERS. It made additional expense and caused considerable worry and interfered with your organization and you could not get the results that they asked for, no matter how hard you tried.

Mr. MCCULLOCH. What result did they ask for?

Mr. MYERS. They wanted a unit cost, and it was not possible to have a fair unit cost operating under that system and under the conditions under which the camp was built (pp. 1325–1326).

The reason it was impossible to work out a cost unit was that they scattered labor all over the place in a given time.

There were numerous instances where the men would come up as to whether or not a particular expenditure would come under the contract as a fee item, or whether it was a nonfee item. The contract did not contain a list of those matters (p. 1326).

Mr. MCCULLOCH. But as finally interpreted all material—practically all overhead—building overheads and every item that went into the cost of construction, where in the way of material or labor or overhead was subject to a fee, and the fee was paid, was it not?

Mr. MYERS. It was with the exception of the practice of the contractor's foreman. That was eliminated by the contract.

Mr. MCCULLOCH. Practices of officers only, their overheads at the main office?

Mr. MYERS. The main office.

Mr. McCulloch. All overheads were taken care of?

Mr. Myers. Yes.

Mr. McCulloch. So that, as it finally worked out, whether it was hazy in its terms or not—and I think you were right about that, yet, as it finally worked out, and as it was interpreted by the department, it worked out in the interest of the contractor, because he got paid for the whole thing?

Mr. Myers. With the exception of certain items of equipment. Of course, the contractor didn't really do any work in connection with a lot of equipment, such as cots and kitchen ranges, other than to install them. Of course, he got the fees for placing them and installing them, but there was certain equipment that was considered nonfee items. As, for instance, electric light bulbs, freight and express charges, they were considered nonfee items (p. 1326–1327).

Mr. McCulloch. Would you be in favor of a wide-open contract of that nature if you were directing it?

Mr. Myers. No, sir.

Mr. McCulloch. You are a lawyer?

Mr. Myers. Yes.

Mr. McCulloch. Would you feel that you were doing your duty by your client if you permitted him as owner to sign such a contract as that?

Mr. Myers. No (p. 1327).

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Mr. Doremus. What were your duties at Camp Sherman?

Mr. Myers. Practically all the duties in connection with the field auditor's office. I might amplify that by stating that the field auditor has practically all of the business administration of the construction of the camp: The receiving of material, the checking of it, providing for keeping time and the records of employment, the verifying of invoices, the preparation of vouchers, the paying of them, the auditing of the pay roll. It is really the business administration of the construction project, which really is divided into two elements; one is the engineers' element and the other is the business element (pp. 1327–1328).

Herbert Francis, farmer (pp. 1330–1334).

Worked as carpenter, Camp Sherman. Have done considerable carpenter work in section B and in section W, and on post exchange No. 1. Worked pretty much all over camp (p. 1331).

There were entirely too many in our gang at times to do justice to the work. We could not work to an advantage with that many men, 65 on the barracks, double story. I estimated the number on post exchange No. 1 as 400, about half of them working at a time. Don't think half would be working; just standing around and running around from one place to another. I did a day's work whenever I could get material, and there were some men in our gang who would not work if they had all kinds of material. We had men in our gang who were given a discharge or transfer. I saw them working other places after that. They were no good, yet they got employment at other places on the job (p. 1332).

Attempts were made by the foremen to get work, and they were told to stay down there and send the lumber when they got it. About

40 in our gang that was idle. Told us to do whatever there was to do there, and not to come back and bother them with anything unless they sent for us. He would say "Just stay there"; he did not want running around the camp, but to stay at our barracks (p. 1333).

One Sunday another man and myself were told to go over and put two bolts on a double door, and to stay there until we got it done. We were there all day putting those two bolts on. Our wages on that day, double pay, were $24 for putting on two bolts (p. 1333). I stayed there because he told us to stay there until he sent for us (p. 1334).

SERIAL 3, PART 21.

Hearings held at Columbus, Ohio, October 30, 1919 (pp. 1335–1432).

EDWARD E. HEALD, accountant, Columbus, Ohio (pp. 1335–1373):

Am in the accounting business; have been most of the time for about 25 years; was at Camp Sherman employed by the Government from July 24, 1917, in charge of the time inspection department of the field auditing department; had charge of pay rolls so far as the discharges and change of rates were concerned. On the 22d of December I left the Government because the Bentley contract was practically finished, and went to the employment of D. W. McGrath & Son as auditor and paymaster, in which position I remained until September, 1918, when they secured a new contract and I was relieved as auditor and paymaster and became an accountant; remained until January 25, 1919 (p. 1335). Since, have been engaged in accounting work at Columbus and various other places (p. 1336). I represented the Government, and when notified that a man's pay had been changed I saw to it that it went on the pay rolls in conformity with what authority we had. This was under the Bentley first contract. I was a civilian. I had no power to take anybody off the pay roll (p. 1336). It was a bookkeeping proposition, purely.

Mr. MCCULLOCH. Were there any irregularities in connection with your work that you know of?

Mr. HEALD. Well, I might cite one instance to show you many that did and could happen. We used to send out a pay car over the field to pay the men, and in doing that there was a great many men that drew their pay from the pay car that never did come to the office; had no occasion to; and it happened at one time there was a colored carpenter that had been placed in the employment service as a foreman at 80 cents an hour and he continued to draw that money for about three and one-half months, and continuously and during all that time he drew the money from the pay car and there was no reason or occasion to have any check on it. Nobody knew—it was a matter of record and it went along that way. But finally this man got discharged and then when he came to get his money he had to come to the office and when he came to the office one of the boys at the window came to me and said, "Since when have we had colored foremen on this work?" I said, "We have none." He says, "There is one at the window now." Well, I went up to the window and interviewed the man and asked him how much money he had

been getting and he was a very honest old fellow, I believe, and he says, "Well, I don't know, boss." He says "It seems to me like I have been drawing a powerful lot of money." And I says "Don't you know how much money you drew?" He says, "Well, I knew, of course, how much I drew, but I have no way of telling, and it always seemed to me I got a powerful lot of money." So we ran the proposition down and found that for two and one-half months he had been drawing that, when he was only a hammer and saw carpenter.

Mr. McCulloch. That was probably a mistake?

Mr. Heald. That was due to an error some place; it was not in our office but perhaps unintentionally an error of whoever made out his card (p. 1337).

Mr. Heald. Well, in the first place, I might say that I never had seen so much idleness before among working men—that is, men that were working and on the job drawing the money. I had never seen and heard of such waste as I saw, especially with regard to material and labor, and, in fact, pretty near everything. There was great waste; there was great loss of time; great expenditure of money that nothing was received for it. I might bring a little more detail and say that it came to my knowledge of several gangs of carpenters at a particular time, which I think will be borne out before you get through, was loafing around for a week or 10 days at a time and never done a lick of work, hiding and dodging around through instructions from their foremen to keep out of the way and keep hid. In fact, I know of some cases of that kind.

Mr. McCulloch. Do you know personally of the instructions they received to keep out of the way and in the clear?

Mr. Heald. Well, I never heard those instructions myself, but it was more or less hearsay about people who were keeping out of the way.

Mr. McCulloch. Was it common talk in and about the camp?

Mr. Heald. It certainly was (p. 1338).

Mr. Heald. Well, what I mean with reference to carpenters is when a gang of 12 or 15, or 18 men would go out in the morning and check in in the proper manner and then divide up and keep moving around and hiding behind buildings, in buildings and in hollows and along the roads, and packing their tools and anything to look like they were going somewhere to work, but they were just loafing and fellows going along, anything that would cover up the time and put in the time and draw the money.

Mr. McCulloch. But in fact they were not working?

Mr. Heald. They were not working.

Mr. McCulloch. They were in fact loafing?

Mr. Heald. Loafing is the word.

Mr. McCulloch. And making it appear that they were working?

Mr. Heald. Yes, sir (pp. 1338–1339).

Mr. McKenzie. I have a copy of the Ohio State Journal under date of October 30, and under a headline purporting to give a story of this investigation is a purported interview given out by Mr. Bentley with reference to the testimony of Mr. Stevenson, who testified before this committee yesterday, in which Mr. Bentley says:

> Just the way all discharged employees talk. He (Stevenson) was one of quite a number of men discharged for inefficiency, and I expect others will come forward with similar charges.

Now, you do not come in that class, I understand?

Mr. HEALD. No, sir; I was not discharged.

Mr. MCKENZIE. Further on in this interview Mr. Bentley says:

There undoubtedly was considerable wastage that would not have occurred if there had been more time to complete the work. While expense was a big item to be considered, finishing the camp came first. I believe that if we had failed to have the camp ready for the soldiers and some of the drafted boys had died from exposure or typhoid, due to lack of plumbing, there would have been more serious consequences than the mere saving of some money.

Now, you were on the ground. Did this loafing and idleness—plumbers working for seven or eight days fixing up the room of Col. Warfield—did that tend to haste, in your judgment?

Mr. HEALD. I should say not (p. 1339).

The idleness prevailed all over camp. I think it was a pretty well-instilled policy with everybody connected with the building side to take plenty of time and not be in very much of a hurry about anything. My opinion is that the idea was to prolong the work and make it cost as much as possible, and in doing so the commissions would be a little more and the contractors would make more money (p. 1340).

As to waste of material, I believe that under a great majority of the barrack buildings in Camp Sherman there is anywhere from $20 to $100 worth of nails and hardware, kicked there, thrown down and covered up. I remember seeing that happen in the building where my office was. A sort of an honest carpenter thought he would get down and pick them up and a foreman kicked at him and said, "Get out of there; don't pick up those nails; it takes too much time" (p. 1341).

Outside of our office there was, I should say, from 20 to 30 kegs of nails, with anywhere from 1 pound to 5 or 10 pounds taken out, that set there all winter in the weather until they became rotten and rusty, and could never be used any more. In fact, I think those nails are still there to-day unless they have been cleaned up. And the great waste of lumber. I have seen so many 16-foot boards made to take the place of 10 and 12 foot, and I have seen so much salvage of lumber that was good, that I know the waste of lumber must have been an enormous amount of money.

Mr. MCCULLOCH. And that waste resulted now from what, according to your observations?

Mr. HEALD. From a general idea that nobody cared or wanted to save, and from inefficiency in the first place. The lumber was not properly unloaded and sorted to begin with, and when they wanted a certain kind of lumber and they couldn't get it, they just took whatever they could get (p. 1341).

The same idea, to get rid of everything you can, make it cost as much money as you can, seemed to prevail among all the foremen and instilled into their help. It would be my opinion that they were acting under the direction of their superiors, the contractors. Some of the material left in the open was gathered up and salvaged; that was late in the game. I have seen several different places where they dumped stuff and burned it up. I have seen one that was kept going in the old canal gravel pit. I would say some of the lumber going toward there was good lumber (pp. 1341–1342).

Mr. HEALD. I am not a construction man and, of course, my opinion would not be very proficient in determining what was good

and poor construction; but I will say this of the barracks buildings—shelter buildings—that were built in July, August, September, October, and November of 1917, 160 of them were rendered unsafe to house the soldiers in and that they had to be strengthened and repaired in January, February, and March in order to make them safe for the soldiers, and in doing that the Government was called upon to pay $75,000, or a little more, to repair those barracks and to make them safe to receive and shelter these soldiers. In fact, some of them did collapse; some of the floors gave way; some of the corners gave way; in fact, there was a great many things that seemed to be the matter with those buildings, such as that, without any occupancy or any use, that it could not so quick, in three or four months, be so unsafe (p. 1342).

McGrath fixed them up. Jack Donaldson was the foreman on that repair work, a contractor here in Columbus.

Mr. McCulloch. What can you tell us about the heating system in the hospital?

Mr. Heald. When you come to that, you come to the biggest humbug there was in Camp Sherman, to my knowledge. In the first place, if I might be allowed to tell the comittee the heating system for the base hospital was inaugurated and put in and completed at a cost of about $175,000. After they had the plant almost practically completed somebody conceived the idea that the boilers would not be of much use unless you put coal in them and fired them, and they found out there was no place to put the coal, and if you could put the coal in there was no place to stoke the furnaces. The furnaces had been installed and bricked up and put in. I don't know how many were put in, but lots of them, and lots of money spent and lots of work done on them and put in there so that you could never get them out; and then they discovered that they would have to fire those furnaces to get the steam, and the only way they could do that was to tear them out and move them back 8 or 10 feet. I don't know whether they ever got them moved back yet. I think they are still working on that. I think if you gentlemen will investigate that proposition a little further, I know you will find that heating system has cost now more than $400,000 and is not completed yet (p. 1343).

Left the Government on the 21st and began with McGrath on the 22d of December, 1917. The superintendent of McGrath's came into our office, which was right next door, and he said, "You are going to be through here shortly, aren't you?" I said, "Yes; I expect so." He said, "I would like to have you come over and work for us." I said, "All right, I am looking for a place, and I will go to work for you." So by that I quit one day and went to work for McGrath the next day (p. 1344).

I had no trouble in any way in connection with my work for the Government (p. 1344). I did have trouble with the McGrath people growing out of my services with them. It grew out of the amount of pay coming to me. I handled the money and paid myself and put a receipt for the sum in the files. They had me arrested, but I was cleared of any wrongdoing. [This is borne out by the affidavit of C. H. John, a bookkeeper and acountant hired by McGrath to audit Heald's accounts, which affidavit is submitted by McGrath

(p. 2098).] I got my final pay from the McGraths four months later. after the Government got after them (p. 1346).

In the pay roll of August 6 to 13, 1918, Mr. Frank McGrath had a truck on Camp Sherman that was personally owned by himself, and this period that I spoke of the truck was out of commission and did not work. It never worked a minute of that pay-roll period. On pay-day Saturday when Frank McGrath came there to draw his money he says, "Where is my money for my truck?" I says, "Well, your truck did not work, Mr. McGrath." He says, "I don't give a God damn whether it worked or not. I want the money and you give me the money and put it in there." Well, I paid him the money.

Mr. McCulloch. How much?

Mr. Heald. $37.50.

Mr. McCulloch. Who is Frank McGrath?

Mr. Heald. Frank McGrath is a member of the firm of D. W. McGrath & Son, and is the party that had charge of the work at Camp Sherman.

Mr. McCulloch. Was he general superintendent?

Mr. Heald. Yes, sir.

Mr. McCulloch. And he was of the firm of McGrath, contractors with the Government for that work?

Mr. Heald. I will tell you how that was. There is a part that we may overlook. The first and original contract was let to D. W. McGrath, and the reason that was done was so Frank McGrath could be the superintendent, because, as I understand the contract, that no member of the firm can be an officer and draw money. So that is the way the original contract was let was D. W. McGrath, and Frank McGrath was the general superintendent at $20 a day to begin with, and then on the new contract it was let to D. W. McGrath & Son, and then none of them appeared on the pay roll or none of them could get any money—that is, any pay-roll money, I mean—could not hold any position that paid money.

Mr. McCulloch. At the time you are now referring to you were operating under the original contract?

Mr. Heald. Yes, sir.

Mr. McCulloch. And Frank McGrath was on the pay roll?

Mr. Heald. Yes, sir.

Mr. McCulloch. And the understanding of the Government was that he was not on the pay roll?

Mr. Heald. Yes, sir (pp. 1347–1348).

F. J. McGrath was on the pay roll from November 25, 1917, until March 3, 1918, at $20 a day, and then Maj. Swallow rearranged the rates and he was on for $14 a day for the balance of the old contract. After they got the new contract, he was taken off the pay roll altogether (p. 1348). [Confirming this, see report of G. W. Storck, accountant, p. ——.]

Mr. Heald. The representatives of the contractors were those whose books we made the pay rolls from, but, however, I might say to enlighten you about that kind of a system, that just previous to turning the books in our men—that is, I mean the contractor's time checkers, and the Government time checkers, would get together at some place, either at our office or the Government office, and compare their books and notes and so on. Many times the Government would change to our figures and sometimes we would change to theirs, but as a rule the Government checkers took our checkers' time (p. 1350).

Mr. McCulloch. The theory of it was a double check, but the practical side was that the contractors' checkers—that was the final record from which you made up your pay roll?

Mr. Heald. Yes, sir (p. 1350).

The Government took our word for them, and we had a good deal of trouble about truck time in the pay rolls, and the Government said, well, they supposed it was all right and they took our figures for that. In fact, I don't believe that they tried to check the truck time, because that was a pretty hard proposition unless you had plenty of men to do it.

Mr. McCulloch. The contractor did have plenty of men to do it; is that right? It was to his interest to do it?

Mr. Heald. Yes; they had plenty of men.

Mr. McCulloch. Because he was being paid by the Government?

Mr. Heald. Yes, sir (p. 1351).

The Government had only one checker; in fact, there were some days, and some crews, and some places that the Government never got to at all, so that our checking prevailed and were O. K.'d and let go by the Government (p. 1351). The opportunity for padding pay rolls was very great (p. 1351). Accepting money for services he does not perform and when he is not in camp; that would be what I call padding the pay roll. I know of 84 days that Frank J. McGrath drew $20 a day for himself and $5 for his automobile that he was not in camp; not in Ross County, where the camp is. I have a record of the days. A part of them were at $20 a day and part at $14 a day, as follows (p. 1382):

December 24, 25, 26, 27, January 1, 2, 3, 4, 7, 8, 10, 11, 14, 16, 18, 21, 22, 24, 25, 28, and 31, and February 4, 5, 8, 11, 12, 13, 14, 15, 19, 20, 22, 26, and March 1, which applies to both Frank J. McGrath at $20 a day and his automobile at $5 a day. Then on March 4, 6, 7, 8, 11, 12, 13, 18, 19, 22, 26, 27, 29, and April 1, 2, 5, 9, 11, 16, 17, 22, 24, 26, 29, 30, and May 2, 3, 6, 8, 9, 13, 16, 17, 20, 23, 24, 29, 30, 31, and June 3, 5, 6, 7, 10, 11, 17, 18, 21, 24, at $14 a day for himself and $5 a day for his automobile.

Mr McCulloch. You are giving the years along here; what were the years?

Mr. Heald. That first one is December 1917, and the rest was 1918. That is what I call padding the pay roll. You gentlemen may have some other idea of it (p. 1352).

The intervening days he was on the camp. I kept a memorandum and the information I have just detailed is from that which I kept at the time. I was employed by McGrath. I don't suppose I could offer a real good excuse why I did pay McGrath for that, but I know the question came up between Col. Case's son and myself about whether it was right and proper for Frank McGrath to receive that money or not. Col. Case's son was the Government's timekeeper. We finally decided that maybe that was customary, and of course I was hired by McGrath and supposed to do what he told me, and so we let it go through that way and paid it. I never did discuss with McGrath his own position, I believe, but I did discuss with him about trucks (p. 1353).

Mr. Heald. Well, they had—I will have to tell you they had four other big trucks on the camp and there was a great deal of time

that those trucks were out of commission and there was many times, and in fact I would be willing to swear to that—I am sorry to say that I have lost my data on time amounting to between $1,100 and $1,200 of truck time that I had the dates of, that the trucks didn't work, that he drew the money for them, too. But, of course, not being able to substantiate that with the dates, I don't know if the evidence would be of any particular value or not. But anyhow I would say that that didn't half cover them. What I had didn't half cover the time that the big trucks received money that they did not work; and he said "By God he wanted those trucks kept on the pay roll; didn't care whether they worked or not," and at that time—now, I am saying that, I will have to tell you so that you will get the idea—that that is when they were working under the original new contract, and they didn't know whether they were going to receive the contract for the building for the camp extension or not. But those trucks were out there and the Government had signified no willingness or no desire to take those trucks over, and they wouldn't anyhow until they were paid for. So that this $1,100 or $1,200 that I speak of that they drew from the Government for the trucks, that they performed no service for, had they not received that new contract, they would have been through the old and gone away with the trucks and the $1,200, and it would have been gone; the Government would have suffered that loss; but, as luck will have it, they secured the new contract and the trucks stayed on and they finally worked themselves out until the Government took them over so that the Government did not suffer any loss in money from them. The only thing is that McGrath & Co. got the $1,100 or $1,200 about seven or eight months earlier than they would have got it if they had not taken it that way (p. 1354).

At the beginning of the McGrath work the relation between them and the Government representatives were not friendly; later, about the middle of March, things got to running pretty nice and smooth, and Frank McGrath and the officers seemed to be pretty chummy. One thing that seemed to me that kind of helped to oil up the proposition was that Frank McGrath, during January, February, and March, 1918, brought great quantities of liquor on to the camp, which he gave to officers whom he was dealing with. I know that because I delivered some of it myself and have seen others deliver it and have seen him come for it and deliver it and seen the officers come and get it (pp. 1356–1357). For Christmas, 1918, the office staff of McGrath received very inexpensive presents, but the officers of the constructing quartermaster's department received some right handsome presents (p. 1358). Walter Richter was very active in getting up money for this and also for presents for McGrath. He says, "Just look at everything McGrath has done for you boys" (pp. 1358–1359).

I know about the financing of the Camp Sherman proposition as to the McGrath contract. About the 1st day of January, 1918, they brought down to Chillicothe $2,000, and from that $2,000 the whole project of the McGrath construction on Camp Sherman was financed. They did not leave that there more than 10 days until they took it away, and at intervals whenever it was available they took other money away until they had taken $55,000 or $60,000

away and brought it up to Columbus to use in their business; they did not need it down there; it was Government money. I had a good deal to do with it and know how we financed that $2,000,000 project. Cars of lumber would be brought in and the minute the car arived we would invoice the Government for it, take the bill up and get the money from the Government plus 3 per cent more, which was paid every time we collected a bill so that we would have that for a pay roll, and then would come other cars and more cars, amounting, I will say in round numbers, to $20,000 to $30,000, pretty nearly, right off the reel, early in the game, which we collected from the Government with an addition of 3 per cent commission, which was part of what they were entitled to, and then McGrath stood off his lumber people for two months, three, four, five, six, and some of them seven months before they paid them, and used that money to pay the pay rolls, and as fast as a pay roll was made we had to work night and day to prepare it and get it up there so we could get the Government check on Monday, pay days being Saturday; so that the $2,000 financed their whole project at Camp Sherman, and in the meantime they had taken from $40,000 to $60,000 in money, and maybe more, up to Columbus.

Later on the new contract Mr. Swallow and Mr. Myers established another system and we had to pay the bills before they would pay them, but they paid them very promptly. For instance, we would get in this morning $15,000 or $20,000 worth of paid bills; we could take them right down to the Government and most likely get our check from them that afternoon (pp. 1360–1361).

Maj. McDonald was the Government officer in charge while this around-the-ring financing was going on and paying bills before they were paid (p. 1361). I would say that it never took a dollar to finance that $2,000,000 proposition down there (p. 1362). Under Maj. Swallow they were very prompt in paying receipted bills; never was any bills held; almost sure that you could get your money the same day or the next day (p. 1362).

It certainly was the policy to keep men on the pay roll, in idleness. To keep them around available when the big rush comes, and things like that, you know, was the reason given. That was increasing the cost of the camp all the time and the contractors' percentage, particularly noticeable on the rifle-range contract (p. 1363).

One time Capt. Smith had 1,400 soldiers over there on a cold, wintry day and said he must have a couple of truck loads of 2 by 6 or some other kind of timber right away, and we sent that out there and they could not find anybody that would tell them where to unload. The trucks were hired at $20 a day, and hauling timber and stuff around that way cost right smart of money (p. 1363).

I never heard definite instructions about keeping men on the pay roll myself. It is my opinion that it originated at the head (p. 1364). On Saturdays and Sundays I have seen a great number of Government-owned or rented cars leave the camp loaded with Government gas and oil for home journeys or joy trips in many parts of the State; to Dayton, Columbus, Newark, Cleveland, and Portsmouth; so that when you would say 20 to 50 would leave the camp at the week end, plus the rental, would amount to quite a little in the aggregate (p. 1364). Some would have been paid for anyway. It was very much the policy to put in the full rental time on cars (p. 1365).

Maj. T. E. RHOADES (pp. 1373–1394), constructing quartermaster (called at the suggestion of Col. Couper of Construction Division, War Department, p. 1321).

Mr. DOREMUS. Were you in the service of the Government during the war, Captain?

Mr. RHOADES. Yes, sir.

Mr. DOREMUS. And in what branch?

Mr. RHOADES. Well, I was in several branches. I began with the Engineers, sir.

Mr. DOREMUS And in what other branches did you serve?

Mr. RHOADES. I became a general staff officer in France; I was attached to the constructing quartermaster in this country after my first service under the Chief of Engineers, construction division rather than constructing quartermaster.

Mr. DOREMUS. When did you go to France?

Mr. RHOADES. Early in January, 1918.

Mr. DOREMUS. And how long did you remain in France?

Mr. RHOADES. Fifteen months (p. 1373).

I was constructing quartermaster at Camp Sherman from about the 20th of June until the arrival of Capt. Dabney in the early part of July, and after that in charge of construction until some time in November. Left Camp Sherman about Christmas time, 1917. The Bentley contract was practically completed. I believe I had undisputed charge of the construction work during the period I was there (p. 1373). As to my qualifications, I have been general manager of a large construction company with as many as five offices, the Whitney Co., of New York City; have had direct charge of an amount of work which I assume to be between $50,000,000 and $60,000,000. I believe the engineering organization that I had at Camp Sherman after it was completed was the best organization I ever had to do with, considering the size of the problem involved (p. 1374). To a certain extent I was in contact with the auditing work. The accountants were delayed in coming, and we made efforts to at least take care of the case as to timekeeping and material checking under the handicaps on that account (p. 1375). May I plead incompetency to speak of the timekeeping system which prevailed; my memory has not been refreshed. In June the timekeeping was done by the employees of the Government adopting the formal instructions to the exigencies of the situation (p. 1376). I think the auditors ought to be charged with lack of adequate and efficient personnel, in the early part of the work at least, and delays in getting bills checked were beyond what I would consider fair to the contractors (p. 1376).

Mr. DOREMUS. Will you tell us the conditions that you observed there, with particular reference to the alleged excess of men and teams?

Mr. RHOADES. Well, I don't know what the alleged excess of men and teams was, but anyone running a gravel pit will appreciate the experiences that we had there; that gravel was being hauled from the gravel pit to various points in the camp. A team seldom made a trip to exactly the same point the second time. The continued length of the travel—changing length of the travel—of a team changed the time of its return, and any management of a gravel pit would re-

quire the adjustment of the number of men and teams so that at the peak load—that is, when the most teams had appeared at the gravel pit—the delay would be that which is easiest taken care of. In other words, one must have in a gravel pit an excess of men or an excess of teams practically all the time. One or the other will be in excess; either men would have a rest, or as the teams came back it will be congested. I think the gravel pit probably, above all places on the job, would show that result under the best of management.

Mr. DOREMUS. Well, was that excess of men and teams more than it properly should have been?

Mr. RHOADES. Not while I was there.

Mr. DOREMUS. Now, Captain, when material that was received on that job checked short or was not up to the grade required by the specifications, in what way did the Government settle for that material; in other words, did it pay full price on the invoices?

Mr. RHOADES. Well, I believe there was some that was actually rejected. Usually flagrant cases were brought to my attention, and if I could utilize the material it was taken and a settlement was made on the returns of the inspectors (pp. 1377–1378).

Mr. RHOADES. I feel that through the inadequacy of the personnel employed by the auditors that the protection afforded by the contract was in large part eliminated in the early stages of the game. I feel that they were properly protected to the fullest extent permitted by the personnel employed.

Mr. DOREMUS. Are you speaking now, Captain, of protection to the Government or to the contractor?

Mr. RHOADES. To the Government, sir (p. 1378).

Mr. DOREMUS. State whether in the construction of Camp Sherman it was necessary to carry on all phases of the work at the same time?

Mr. RHOADES. Oh, absolutely. The completion of the plant, of the camp, depended upon the functioning of all of the parts of the camp, the water supply, the sewerage, electric light, including the running of the supply here from Columbus, the roads, drainage, the barracks and the heating, the heating being the least important, except in the hospital; all had to be carried on coincidentally.

Mr. DOREMUS. Is it your opinion, Captain, as a practical man, that in order to build this job and to have it ready for the receipt of the troops, it was actually necessary to carry on all parts of the work simultaneously?

Mr. RHOADES. It could not have been accomplished in any other way; if you include by all parts of the work, all branches of the work. Of course, a hose house might have been left out, or something like that, but all branches had to be carried on simultaneously from the very outset.

Mr. DOREMUS. Do you consider it good construction to build a water and sewer system at the same time that the buildings connected with those systems are being constructed?

Mr. RHOADES. Certainly (p. 1379).

Mr. DOREMUS. Now, when you went to Camp Sherman, did you have the plans of the buildings?

Mr. RHOADES. When I went to Camp Sherman I had layouts of the regimental units only, plans of some individual buildings.

Mr. DOREMUS. Where did you get those plans?

Mr. RHOADES. Came from the office of the constructing quartermaster in Washington.

Mr. DOREMUS. Were they distributed to the various foremen on the job?

Mr. RHOADES. Eventually. The various superintendents on the job at least received plans of the work that they had in charge. The foreman very seldom had plans; some foremen did, of course.

Mr. DOREMUS. Captain, will you describe the method by which these buildings at Camp Sherman were constructed?

Mr. RHOADES. The original conception of the way to do that work most economically as decided upon by Mr. Bentley and myself was to form what we kept calling a parade. We first sent through a surveyor, who established access lines, followed by a group of men who did nothing but dig post holes and set posts. The next group came through—the first group sawed the top of the posts off on a level. The next group came through, did nothing on that job but put down the first floor, put down the beams and floored it and proceeded on to the next and repeating the same operation over and over again. The next crew put up the frame—they were all balloon-frame jobs—and then after the frame was up and sheathed and the rough work done another crew came along to hang sash and doors. Incidentally another gang on the roof put roof on. So it was a gang system, a parade system moving around in circles on routes directed by us from day to day. That, generally, was the system of work (p. 1380).

First of all, I do not recognize Mr. Stevenson, who testified as to the $7,000 labor cost on the medical building in section H as the carpenter foreman. There were many carpenter foremen there, and so I will pass the personality over. I can not believe that $7,000 could have been spent on one regimental infirmary in labor because the—no, I am sure that had it been spent in labor one would have recalled it. I can not believe it. I heard nothing of it.

Mr. DOREMUS. Do you know anything about Mr. Stevenson's connection with that work?

Mr. RHOADES. Well, if I saw his face perhaps I would. I don't recall the name. He was a man probably working under one of the superintendents, who would take any direct connection with me through the section superintendent.

Mr. DOREMUS. I think he testified that he had charge of somewhere around 30 carpenters.

Mr. RHOADES. Well, men who had charge of a gang of men of that number were essentially pushers; their work was to direct labor. They were not to carry out plans, sir. They worked under general superintendents. We had a great many such men, ten or twelve or thirteen thousand men in camp. I must pass that up; it is incomprehensible that that amount of money would be spent on a medical building (pp. 1380–1381).

The foundations under the barracks were wooden posts. They ought to last longer than the building (p. 1381).

We had two and perhaps more separate contractors working on the roads, Chillicothe firms (p. 1382). We built them of the materials that nature gave us, cheaply, and I think under the conditions fairly

satisfactory (p. 1382). I regarded myself at that time as the law on specifications, so, they being cost-plus contracts, the charge was not made that they were not constructed in accordance with the contract (p. 1382).

Actual construction began somewhat after the 4th of July, and the first contingent of troops arrived a few days after the 1st of September. We had accommodations for twice the number of men that we were getting at all times (p. 1382).

I never heard of any orders issued prohibiting the discharge of men. They were discharged every day, principally for loafing, inefficiency, and incompetency. I discharged some (p. 1383).

Mr. RHOADES. I can not tell how many, but I know there were many. I trust you do not misunderstand me there. If we discharged all of the men that were incompetent or inefficient, we would have had a very inadequate force to complete that work. Flagrant cases, we, of course, did (p. 1383).

Mr. RHOADES. No, sir; I did not discharge any one. I merely—when I knew of any cases of incompetency I reported them to Bentley with instructions to discharge, and saw that they were carried out.

Mr. MCKENZIE. What authority did you have to discharge employees?

Mr. RHOADES. I did not have any, sir. I just stated, sir, that I reported them to Bentley. The complaints that were made to me of loafing after the arrival of the Army officer, Army officers in the camp, were not always the cause of discharge of men. So that I can not say that I always caused them to be discharged when I heard of it.

Mr. DOREMUS. Well, whenever you ordered the contractor to discharge men was your order complied with?

Mr. RHOADES. As far as I know every order that I ever gave on that job was complied with (p. 1383).

Mr. RHOADES. I observed no evidence of negligence or extravagance on the part of the contractor, his personal direction of the work or the direction of his organization. The extravagances and waste upon that work were extravagances which were fully appreciated by the contractor, fully known to ourselves, perhaps some little detail, not all of course; I am speaking of those that amounted to anything, and handled as best we knew how to handle them. The principal extravagances were due entirely to profiteering employees, and I speak of employees by meaning mechanics and laborers, which was the problem that we always had with us from the start until the end (p. 1383).

Mr. RHOADES. Some of the mechanics by class, sir, I feel were pretty fair examples of patriotic citizens. There were some mechanics as a class, and I assume among them there might have been a few patriots, but we will take certain trades who rendered the most unpatriotic service in that camp that I have ever dreamed men under the American flag could render as a class. I must say to this day I will never forget the shock of the realization that whole trades were doing their best to cripple us.

Mr. MCKENZIE. Are you referring now to union labor?

Mr. RHOADES. I am referring to not organized—I am referring to a trade and of course most of that trade were union men; we

did not recognize one or the other, but I am referring to a trade or trades.

Mr. McKenzie. What trade?

Mr. Rhoades. I am referring to the trades of steam fitters and plumbers, and as a general characterization they were the one thing in that camp which demonstrated their lack of patriotism from the day they struck it until they got through with it. I won't say such about carpenters. I must say we provided parades and patriotic exercises and other things, and the carpenters and men of lesser ability were usually there. I spoke a little feelingly on it because I feel pretty badly about it.

Mr. Doremus. Captain, will you give the committee the benefit of your opinion as to how and to what extent the Government was protected under this cost-plus contract?

Mr. Rhoades. To the fullest extent that could be exacted out of the personal equation of the men that they employed under this form of contract, which is not a new form, a form that in its principle I have been operating for building as long as I have been in business, and I hope to operate under it until I retire from business, if I come to that stage. The performance is limited by two things; the spirit, reputation, and attitude of the contractor and the spirit, the reputation, and ability of the men who are to perform certain functions on the part of the owner or the Government or the other contracting party. Personal equation is something that we can't eliminate by this form or any other form of contract. A firm of men who are crooked, they can get beyond any system that I have ever had to deal with (p. 1384).

Mr. Doremus. Is there a growing tendency in the building trade to adopt the cost-plus system?

Mr. Rhoades. Yes, sir; very particularly now its advance is marked, sir.

Mr. Doremus. And in a general way how is that tendency evidenced at this time?

Mr. Rhoades. By the fact that our most successful contractors very seldom take work on any other basis; from the fact that our largest operations are built solely on that basis; by the fact that such companies as the Turner Construction Co., who build reinforced concrete buildings, to my certain knowledge—not certain knowledge, no; but to my general knowledge never take anything else; to the fact that your Thompson-Sterretts and your Fullers, and all of those contractors of that class work generally under this form of contract; to the fact that trade conditions with its shifting labor costs, with everything, makes it almost impossible unless such a safeguard as you don't dare ask your owner for it, to put a lump sum on a contract of any size. When I am speaking of a contract I am speaking of large operations. It is easy enough on small contracts that you can complete in a month (pp. 1385–1386).

Mr. McKenzie. You say this system is growing and will continue to grow, and in your judgment will be practically adopted with all construction work?

Mr. Rhoades. Yes, sir; I can't see but what it must be eventually almost the only system between a private owner and a builder or a contractor unless labor and materials reach a stable market, some-

thing akin to our condition of 10 years ago when one knew what he was going to buy brick for next June.

Mr. McKenzie. Well, is it your idea to have this committee believe that system is being adopted at the request of the owners, or for the protection of the owners——

Mr. Rhoades. Why, I wouldn't say—— (p. 1386).

Mr. Rhoades. It is a system, sir; which takes first proper care of the owner; for the reason of course, it is like selling—I am now going out and selling these jobs, and do the same thing—but you must understand if the owner comes to me and he says, "I have a result to get, and I want to spend only $100,000," or "I want to get my job in three months," or "I want a building so big," which ever is the thing he is after we can produce; but we can't give him a building so big in such a time for a fixed amount of money. No man on earth can control those three items. Now, it is to the owner's interest to tell us, or any cost-plus contractor, just what his conditions are. Then immediately when he places a contract with a cost-plus contractor he has employed an expert who knows more about it than he will ever know to carry out what he wants and spend his money for him in his interest, not in the contractor's interest. Our interest is fixed. We know before we enter a job how much our services are worth. We get that fixed; and then we go in and work, not for the contractor, but for the owner. We are your professional employees who are playing the market; and if you can't buy asparagus we will give you cabbage. Now, that is the answer.

Mr. McKenzie. In other words, you are playing safe from the contractor's standpoint?

Mr. Rhoades. Not playing safe—if professional service is safe, then we are playing safe. It is lifting the thing from a gamble to a professional service; yes, sir.

Mr. Doremus. What is your idea as to how the owners feel about this cost-plus plan?

Mr. Rhoades. Well, the best idea I have is that I receive continually repeat orders; and we call our owners our clients. They come back to us time and time again. My biggest stock in trade at present are my previous clients. (p. 1386).

Mr. Doremus. Well, what have you to say, Captain, as to whether on this particular job the contractor did purposely increase the cost of construction in order to swell his fees?

Mr. Rhoades. I emphatically deny that any such condition could or did exist. In fact the work on Bentley's plan was just to the opposite effect.

Mr. Doremus. Witnesses have stated their belief that this job could have been constructed for less money under what is known as the purchase-and-hire system. Would you care to give the committee your idea as to that point?

Mr. Rhoades. Well, if I have a correctly formed definition of purchase-and-hire system, I believe that it might have been possible for some superman to have taken away from large contractors like Mr. Bentley his organization by offering them higher prices, and by practically duplicating his organization on the job it might have been done; but I doubt the possibility of getting such an organization together in the time that we had to do it in, economically and efficiently. Tradition and equipment are something we

must make use of. What we got from Mr. Bentley was organization; that is what he was paid for.

Mr. DOREMUS. We have had testimony that this camp could have been built quicker, and with fewer men and less materials. Do you agree with that testimony?

Mr. RHOADES. Well, no one has ever suggested it to me. I would like to hear of it, because I think that I built it with the fewest men, with the least material, and the quickest time that I knew how. There might have been better men in the country who could have done it, but I don't know how it could have been done. I never heard of it (p. 1387).

Mr. RHOADES. Well, the policy of the contractor was to expedite the approval, checking, and auditing of the bills in order that he might be paid the moneys that were due for those materials, in order that he again in turn might pay for his materials. It was also his policy to try to get the auditors to reimburse him as promptly as possible for his pay rolls. It was my policy under my interpretation of the contract to expedite that also, because it is not apparent from that contract that it was the Government's idea to force the contractor to invest funds in that contract beyond the specific stipulations covering such things. However, as it worked out, on account of the delay in the auditing force, and on account of the lack of appropriations that I spoke of before, the lack of the placing to the credit of the disbursing officer adequate moneys, the contractor very often paid those bills in advance, and, in fact, nearly always had to meet the pay rolls in advance in sums running up to pretty enormous figures.

Mr. DOREMUS. Well, state whether it was the purpose of the Government in expediting payment to the contractor to enable him to take advantage of his discounts?

Mr. RHOADES. Yes, sir; it was intended under that contract that all possible rebates, credits, discounts, advantages of quick payment should be taken.

Mr. DOREMUS. On the theory, I suppose, that that would have saved money to the Government?

Mr. RHOADES. Yes, sir (pp. 1388–1389).

Mr. DOREMUS. He also testified that his authority to discharge men for inefficiency and incompetency was taken away from him by Hollingsworth. Do you know anything about that?

Mr. RHOADES. No. I don't doubt that many times Hollingsworth prohibited men or limited men as to the right to hire or fire men. That is always necessary. You have certain channels for the performance of that function, and you can not give it to every labor boss and straw boss (p. 1389).

Mr. MCKENZIE. Captain, one thing I would like to have you do, and that is send to the committee a certified copy of four of the largest contracts which you say you have now, so that we may have the form of contract, cost-plus contract, used by you.

Mr. RHOADES. Yes, sir (p. 1390).

(Extract from Exhibit 26S:)

THE NEW WARNER, *Chillicothe, Ohio.*

DEAR WEST: In the rush of current events I have not had time, the steno, and the mental pep to sit down and give you a personal report.

* * * * * * *

When I arrived in Chillicothe I found things so entirely different that I was much worried until the matter struck me as funny.

To borrow a line which I can't remember from Old Bill Shakespeare, "Could small men thunder as Jove does, every petty pelting officer would use his heaven to thunder."

And—

"Most ignorant of what he is most assured."

I do hope that none of my rather irregular telegrams have embarrassed either the major or your good self.

But for the life of me I could not see why Capt. Rodgers had not first assured himself of the land he was going to build his town on. And he first took the position I was a clerk who might be injured materially if he knew too much of that importance of the captain's; personally I like the man, but he was somewhat intoxicated with his job. With him were two worried quartermaster reserve captains who knew that everything was going wrong because they had been turned into file clerks.

* * * * * * *

Sincerely, yours,

PAGE LAWRENCE.

SUNDAY, *July 1* (pp. 1392–1393).

JOE SCHULLMAN, Columbus, Ohio (pp. 1394–1397).

I had stock in the K. & S. Truck Co., a corporation. The stockholders were John J. Joyce, of Columbus, 33 shares; Roy Kissinger, 33 shares; my brother, Charles Schullman, 13 shares, and myself, 21 shares. Organized three years ago. I invested $500, money that I loaned to my brother, for which he gave me 21 shares of stock. Sold it about a year ago for $1,500, after the Bentley contract had been completed. My reason for selling it was that I never got any dividend and did not know what was going on. They told me they received $27.50 and some $30 a day for the trucks they hired to the Government under the Bentley contract. My brother worked down there on a salary. He had charge of it, but Joyce was the main man.

JACOB C. SCHNEIDER (pp. 1397–1405).

Live at Midland Heights, Ohio. Pipe fitter for 37 years; worked at Camp Sherman for the Samuel A. Esswein Heating & Plumbing Co. from the second Tuesday in March, 1918, to about the 8th of March, 1919, as a journeyman steamfitter, for a while, then became a foreman, until I left, and later a general foreman. Had 60 or 70 men. There were always too many men because the system there was different from the general rule. There were two fitters working on the same job while the general line of work which was done there was one fitter and his helper. I don't know the reason. They kept it up all the time. That increased the labor cost. The fitter gets about a third more per hour than the helper; fitter, 75 cents; helper, 50 cents or less (pp. 1398–1399).

At certain periods we were not allowed to let men go. This order from F. J. Troutman, Esswein's superintendent. The information I got from him was that he got instructions from the quartermaster, Maj. Swallow, not to let any men go. I did suggest that I could, and he told me to keep them and put them at pipe covering and double them up. The result was they knew they would not be discharged, understood by all. The effect was you could not get efficiency out of the men when they know they don't have to do a thing, and can do as they please, and the cost would be increased (p. 1399).

Two of them together would do about as much as one man would do if they were working under a general contract (p. 1400). Troutman, the superintendent came to camp probably three times a week and would get there half-past 9 or 10 o'clock and would leave at noon. I do not remember an instance of seeing him in the afternoon. He drew his pay right along because I kept his full time under his instructions, and he was not there except as stated. The timekeepers knew it. They would come in and check up, and I checked him in in the morning and out at night. I suppose he went to Columbus. At one time for 10 weeks he was not on the job; had rheumatism, I understand, for 10 weeks (p. 1400).

Another man by the name of Mr. Scheck was down there for him probably half a dozen times in the 10 weeks. The Government checkers knew this, Mr. Parker. Esswein was a subcontractor under McGrath (p. 1401). I understand Troutman is vice president of the Esswein Co. Troutman told me how to handle the idle men, that I should place them around so as to keep them out of the way and try to keep them busy and see that they were working and not to discharge anybody, not to let the officers of the construction department see them loafing around (p. 1402). It was simple work and could have been hurried along and speeded up, certainly. It was delayed because you could not get work out of the men, that is all, they would not work. Of course they knew you could not fire them, tried to reason with them (p. 1403).

I heard the testimony of Capt. Rhoads, in which he said the plumbers' organization were the only ones laying down on the job. He surely did not look at all of them. I suppose he must have had some run-in with some of the plumbers (p. 1403). The character of loafing seemed the same in other trades. Of course I did not have a chance to recognize it like I did in my own business. I will acknowledge that it was pretty bad in that. That is a fact, but I know they were not the only ones (p. 1404).

Mr. McCulloch. What do you say as to what the difference in cost would have been in your opinion if the work had been done under the contract system rather than the cost-plus system? Would there have been any difference in the cost?

Mr. Schneider. Well, I would say it would run from one-third to 50 per cent.

Mr. McCulloch. Cheaper?

Mr. Schneider. Yes, sir.

Mr. McCulloch. Under the contract system than under the cost plus?

Mr. Schneider. Yes, sir.

Mr. McCulloch. You arrive at that conclusion how?

Mr. Schneider. Well, by observing the way that the work was done, and the system, and the way the men worked (p. 1405).

It is my opinion that the work would have been done somewhere in the neighborhood of half the cost if it had been done under the contract system, and as quick on the same ratio.

* * * * * * *

Mr. Schneider. Yes; on a contract system it would have been done in one-third of the time, if not half. And the same on the labor. The men were paid at least 25 cents an hour more—that is, a man and helper, paying a man at least 25 cents an hour more than you would have to pay a helper (p. 1405).

JOHN REICHLE (pp. 1405–1411):

Have been a carpenter contractor for 25 years; employed at Camp Sherman by the Bentley Co. as carpenter foreman.

The only thing I can give you would be the way it went along under my supervision. I don't know much about anything else. When I went there I went there with eight fairly good men and they gave me another gang, but when I went around to take their number and the names I found out there were not but very few of them carpenters; they were bartenders, mail carriers, roofers, and that character. I had 10 men, and in about 10 minutes I had 18. Well, then, I got along all right with them for a while and they were transferred and put into Vandermark's section and they put me with another gang of men; that is, gave me some more men. That building had been started—we did not have any plans—they had a kind of a scratch man that came around to show us what to do. Well, a number of the openings were wrong and we had to change the openings to start with. And we had four different kinds or patterns of weather boarding for that building. Nobody knew how the windows went in there. We had to guess at that part of it. And finally the scratch man came along and we tried to figure out what he had and he couldn't tell us anything about it, and so we went to the next building and copied from that as near as we could. We got that partly done and then they transferred me to a new building. I worked there four or five days. And then they gave me another gang. They started a new gang. I had to take charge of the new gang, and they transferred my men to another man, I don't know who he was.

Mr. MCCULLOCH. What kind of men did you have at this time?

Mr. REICHLE. I had 18 men and had 3 carpenters.

Mr. MCCULLOCH. What were the others?

Mr. REICHLE. I didn't ask them what they were.

Mr. MCCULLOCH. What kind of work did they do?

Mr. REICHLE. They could nail; they couldn't saw a board off straight. They didn't have any square to mark it with. They had a hammer or a hatchet and some didn't even have a saw.

Mr. MCCULLOCH. They were put on the pay roll as carpenters?

Mr. REICHLE. Yes, sir.

Mr. MCCULLOCH. Received regular carpenter's pay?

Mr. REICHLE. Yes, sir.

Mr. MCCULLOCH. And yet you say they did not have any qualifications for that work at all?

Mr. REICHLE. No, sir.

Mr. MCCULLOCH. How many of those buildings did you work on; did you work at various places?

Mr. RIECHLE. I did, under this block foreman. I had three or four different gangs and seemed to break them in as best I could and a new gang was formed and they shoved a new gang on me. And then I went to building stairs or steps. Part of them were built and we had to take a great many out and rebuild them and cut new horses and carriages for them (pp. 1406–1407). The system could be improved on considerably. I did protest to my superiors. They said, "Well, they have got to live just the same as you; you have got to work them some way and go ahead with them." I discharged some and they turned around and rehired them. There

was no use to discharge them. They came right back under a different foreman (p. 1407).

I remember about one building that was put up; they got the front on the wrong end; had to be torn down (p. 1408).

Mr. REICHLE. Oh, well, the only waste of material otherwise than it was cut up. You couldn't get the right material to suit the place it was to go; we had to cut it up to make it out and the offal was not suitable and it was hauled away and burned on the scrap.

Mr. MCCULLOCH. Good material?

Mr. REICHLE. Sure, it was good material.

Mr. MCCULLOCH. Was that waste considerable, or not?.

Mr. REICHLE. Yes; it was a waste. If it had been ordered right there would not have been a waste.

I am fairly familiar with the expression "Get the men into the clear." Men would be moving backward and forward, not doing much. It took two men six days to side up a front 40 by 18 feet. Two competent men ordinarily ought to do it in two days. If I were a contractor and had to pay those men I would not have stood for it five minutes. I did not pay much attention to the other jobs.

We were putting in hearths. I had 16 men and had them in eight places, 2 together. Two men could do in 2 hours what it would take another two 10 hours. That was the difference in the workmen (p. 1409). I saw where it took a plumber and helper one day to run a stack 15 feet (p. 1409). Half the men, skilled, would have done just about as much as all of them together. I had to keep what I had (p. 1410). The foreman right next to me had a business made up with tar paper and he and about four of his men were in there shooting craps. They spent quite a bit of time there; did not pay much attention to how long they were there. They were on the pay roll; it was the foreman and his own carpenters (p. 1410). I worked from the middle of July, 1917, for 15 weeks at Camp Sherman (p. 1410). Quit because they were through.

It would not be necessary to have much of a plant to build those barracks. Nothing but trestles and ladders and a few tools and hammers, ordinary carpenter's kit. Under reasonable circumstances two men ought to put 1,000 feet of board measure of that character of siding on in one day (p. 1411).

HUGH WARNER, Chillicothe, Ohio (pp. 1411–1415):

Drove engineers in my automobile about Camp Sherman about 103 days in June, 1917; had an opportunity to observe as we went around. There were so many men they were in each other's road. is the best way I can tell it. I remember the circumstances of about 642 men one day putting in 30 feet of sewer. It was under a railroad and Capt. Dabney got excited about their not doing more work (p. 1413).

I hate to go against Capt. Rhoads; I think he is a nice fellow; but I do think there was an awful waste there (p. 1414).

Mr. MCCULLOCH. It is not a question of going against anybody; it is a question of rendering a patriotic duty by telling the facts. That is all we want. I wish you would tell the committee the facts.

Mr. WARNER. There was wastage the way the material was handled. For instance, unloading these heavy tiling, 3-foot, they just simply

broke them one right after the other, and things like that. That looks like waste to me. And the lumber that they would saw up. For instance, I saw a truck load of lumber that for some cause or other this truck had dumped itself; dumped the whole load right in the road, just about quitting time in the evening. I don't think there was a stick of it ever picked up. I ran over it 25 times at least with my machine, in the road. That was wasteful. It should have been picked up. It was nice lumber, too.

Mr. McCulloch. What else did you notice; did there seem to be a general lack of economy there?

Mr. Warner. It looked that way. The lumber piled on the dump. It looked like a shame to burn it up on the dump piles. I would like to have had it to build a barn out of (p. 1414).

I have seen them so thick around those buildings it did not look they could get to the building, sometimes, for men. That was early in the game. I saw quite a number of men, maybe 150, on a building and it fell down. It lacked very little of catching my brother (p. 1414). A 12-foot tool shed, when they were going to build the hospital, cost $525 to erect. A man told me he could build it in a day himself; that $525 was for the labor (p. 1415). It seemed to be worse at the beginning; I think there was some improvement (p. 1415).

O. J. Swisher, Columbus, Ohio (pp. 1428–1432):

Worked at Camp Sherman as a timekeeper from August 21 to the end of September, 1917, under the Bentley Co. Checked up an average of 125. Method of handling labor was rather lax. I remember some instances driving through camp and I saw a couple of men carrying a piece of siding 16 feet long; two men carrying this one piece. I know Frank McGrath was on at $20 a day and $5 for his automobile. I did not check him excepting once a week; I carried him in my timebook, yes. He came down once a week on Saturday morning to get the pay roll, and he was not on the job (p. 1430). It would seem to me as if the work could have been done under a contract for a good deal less, 40 per cent I would think, because it would have been advantageous to the contractor to have had it done under speed (p. 1432). I have built houses for myself; never had experience on big jobs (p. 1432).

SERIAL 3, PART 21.

Hearings held at Columbus, Ohio, October 31, 1919 (pp. 1433–1550).

Exhibit W. A. S. 1.

War Department,
Office of the Constructing Quartermaster,
Camp Sherman, Chillicothe, Ohio, February 12, 1919.

From: Constructing quartermaster, Camp Sherman, Ohio.
To: Chief of Construction Division, Washington, D. C.
Subject: Settlement with contractor.

1. Reference is made to your letter of February 10, 1919, relative to the slowness in settlement with D. W. McGrath & Sons (contractor) at this camp.

2. The fact that final settlement has not been submitted is due solely to the inefficiency of the contractor's organization. The complaint made by the repre-

sentative of D. W. McGrath & Sons (contractor) as applied to this office is unwarranted.

3. This contractor has repeatedly refused to follow the instructions issued by this office, and on one occasion it was necessary to suspend payments to the contractor pending compliance with instructions. The contractor's capital has been insufficient to pay promptly obligations approved by this office.

4. Invoices are approved by this office and forwarded to the contractor for payment, where they are frequently held two or three weeks by the contractor before a draft is issued for the same. This is due to the fact that the contractor's capital has not been sufficient to meet current obligations.

5. The contractor's representative with authority to execute drafts in payment of obligations is at the project once a week. This means that approved invoices are held in the contractor's office several days before the draft is issued in payment of the same.

6. The field auditor's organization has frequently returned to the office at night to expedite payments to the contractor in order to provide sufficient funds for the contractor to pay his pay rolls.

7. Invoices have been held in the McGrath office several weeks before being submitted for approval. Invoices covering obligations incurred by the contractor in March, 1918, were presented to this office in January, 1919.

8. This office is exercising all reasonable effort to expedite the settlement of the contractor's accounts, and the final statements will be submitted as soon as the accounts will warrant (pp. 1433–1434).

W. A. SWALLOW,
Major, Quartermaster Corps, Constructing Quartermaster.

EXTRACT FROM EXHIBIT 1, OCTOBER 31, 1919, ATTACHED TO A REPORT OF THE ACTING INSPECTOR GENERAL.

HUBBS & HOWE CO.,
Cleveland, Ohio, November 15, 1917.

Mr. A. H. GREELEY,
Cleveland, Ohio.

* * * * * * *

Mr. Goetz claimed that the contracting company, Bentley & Son, have been operating on the average of 250 trucks at the camp, and that it is his judgment that the work could have been done with 50 trucks, as very often Mr. Tergiles would tell the truck drivers to chase butterflies; in other words, to keep out of sight of headquarters. Quite a number of the truck drivers would drive their heavy trucks into the woods somewhere and spend the greater part of the day.

* * * * * * *

[Fifth indorsement.]

ADJUTANT GENERAL'S OFFICE,
December 7, 1917.

To THE INSPECTOR GENERAL:
28 inclosures.

[Sixth indorsement.]

WAR DEPARTMENT, OFFICE INSPECTOR GENERAL,
December 20, 1917.

To THE ADJUTANT GENERAL:

1. These papers show that the Government has not only paid an exorbitant rate for the hire of trucks through the contractor at Camp Sherman, Ohio, but that it has also paid the drivers of these trucks for services in excess of those actually rendered to the Government.

2. In this connection, attention is invited to the following extracts from the inclosed report of the inspector (p. 3, inc. 1):

"It is apparent from the testimony that little if any attempt was made to check the time of the drivers employed; that the trucks were not used to the best possible advantage, and that payments were made without proper effort being made to verify whether or not both men and trucks had been employed to the full extent for which payment was claimed.

"It is the opinion of the inspector that an exorbitant rate was paid for the hire of trucks by the A. Bentley & Sons Co., as is evidenced by the price after-

wards paid by the Government for trucks so employed by the A. Bentley & Sons Co., and the price that the various owners would have received in other employment of their trucks; that the opinion was general that to lose time was a factor to hold employment.

"It appears that some connection exists between Mr. Tergilles and the K. & S. Truck Co., a new and recently organized concern. Since the appearance of the K. & S. Truck Co., Mr. Tergilles gave them the preference, and the payroll records show an increased amount of overtime paid their drivers, and that a higher rate was paid for the trucks of this company than for the trucks of other companies."

3. *Conclusions.*—(*a*) That the condition of affairs as disclosed by this investigation as stated above has undoubtedly resulted in considerable overpayments to A. Bentley & Sons Co.

(*b*) That these overpayments were due to the careless, negligent, and inefficient way in which the auditing and timekeeping was done by the auditor, Stephen G. Rusk, and the timekeeper, E. E. Brown.

(*c*) That they were also due to the lack of supervision by the constructing quartermaster, Maj. Ward Dabney, over his subordinates in charge of the auditing and timekeeping.

4. *Recommendations.*—

First. That E. E. Brown, timekeeper, and Stephen G. Rusk, auditor, if still in the employ of the Government, be discharged for inefficiency.

Second. That the constructing quartermaster, Maj. Ward Dabney, be informed as to the above conclusions and recommendations, and that he be directed to determine the amount of the overpayments made by him to the firm of A. Bentley & Sons Co. for truck hire and pay of drivers, with a view to the collection of same from the contractor (p. 1436).

W. T. WOOD,
Acting Inspector General.

EXTRACTS FROM EXHIBIT 2, OCTOBER 31, 1919.

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER GENERAL OF THE ARMY,
Washington, D. C., March 14, 1918.

Memorandum.

From: Officer in charge of cantonment construction.

To: The Adjutant General of the Army, Washington, D. C.

Supplementing letter from this office under date of March 5, 1918, copy of which is attached, there are herewith transmitted the original papers bearing on the "Report of investigation of hauling contract at Camp Sherman," with a request that this case be reopened and the findings reconsidered.

R. C. MARSHALL, Jr.,
Lieutenant Colonel, Quartermaster Corps, National Army,
In Charge of Cantonment Division.

* * * * * * *

[Second indorsement.]

WAR DEPARTMENT, OFFICE INSPECTOR GENERAL,
March 27, 1918.

* * * * * * *

6. The matter comes again to this office for remark in view of the request for reconsideration.

7. No new facts are adduced as grounds for reconsideration. The so-called "clear statement from Mr. Bentley," referred to in the request for reopening and reconsideration is an argumentative statement and by no means an answer to the facts found by the inspecting officer, upon which the recommendations were based.

8. There is evidence to justify the following conclusions:

(1) That the number of trucks employed was excessive (Exhibit B, p. 4).

(2) That the rate paid was excessive (Exhibit C, p. 2; Exhibit D, p. 1).

(3) That the amount of overtime paid was excessive (Exhibit M, pp. 4–9).

(4) That the men were encouraged to loaf and underload (Exhibit D, p. 1; Exhibit G, p. 2).

9. Maj. Ward Dabney was constructing quartermaster and disbursing officer for the construction work; if there were overpayments on the contract, his records should disclose it. The recommendation that he be informed of the conclusions reached upon the investigation and that he be directed to determine the amount of the overpayments by him to A. Bentley & Sons Co., in the light of these conclusions, should stand and, having been approved by the Secretary of War, should be carried out.

10. It is recommended that the application to reopen and reconsider this case be disapproved.

J. L. CHAMBERLAIN,
Inspector General.

Mailed March 27, 1918.

[Second indorsement.]

WAR DEPARTMENT, OFFICE INSPECTOR GENERAL,
March 25, 1918.

TO THE ADJUTANT GENERAL:

1. The papers herewith relate to an investigation by Maj. J. L. Hanley, I. G. R. C., concerning certain irregularities regarding the hauling contract at Camp Sherman, Ohio (pp. 1437–1438).

* * * * * * *

NOTE, O. I. G.—Maj. Dabney testified that "I have observed at times they (the trucks) were but half loaded, but the load depended upon the condition of the ground, I assume." "I must confess that there were numerous loopholes through which people who were deliberately crooked could get away with money, but didn't through my knowledge or my assistants' knowledge." Further, in answer to the question, "Did you pay all expense bills of Bentley & Son on the certificate or audit of Mr. Rusk?" Maj. Dabney testified, "Yes; I accepted his audit that the amounts were correct and so authorized payment."

"Q. Have you any method or means of knowing the amount of work done by trucks?—A. I have means of knowing that the trucks were working and the hours the men are supposed to be worked.

"Q. From whom do you get this knowledge or information?—A. From Mr. Brown.

* * * * * * *

"Q. Who is Brown?—A. Timekeeper and accountant in charge of auto trucks, working directly under me.

* * * * * * *

"Q. And there was no record in your office by which you could tell the amount of work done by the trucks?—A. No.

"Q. Record of the capacity of trucks?—A. No.

"Q. No record of the system of checking loads or the number of loads each machine could make?—A. No.

"Q. No record in your office of the time taken or the distance of hauls?—A. No."

Mr. Brown, the "official timekeeper" in the constructing quartermaster's office, testified:

"Q. Who submitted to you the time cards, if any?—A. The drivers. From me they were given to Capt. Tregelies and he always O. K'd them, and by his O. K.ing them that would indicate to me that they were O. K. From me the cards would go to Mr. Rusk's office, after being O. K.'d by Capt. Tregelies, and Mr. Rusk would make out the payments from the time indicated on the card.

"Q. Any time card sent over to you by the captain you would pay?—A. Yes.

"Q. And on your certification of the bill as being O. K., it was paid?—A. Yes.

"Q. Do you consider there were times when diligence was not exercised in safeguarding the interests of the Government, in checking up the time given in by these men?—A. Yes; if I had been in charge, I should not have run it the way it was run.

"Q. What means had you of knowing that the time entered on the cards was correct as turned in to you by the drivers of trucks?—A. None."

7. Unfavorable disclosures from the friends and close associates of an influential contractor could hardly be expected, and the obtainable evidence

largely comes from another class, entitling it perhaps to less weight, but still entitling it to the consideration given it by the inspector. And, naturally, the daily association of officers of the Quartermaster Department with the usually pleasant and intelligent gentlemen connected as executives with contractors inclines the officers to a confidence in these gentlemen not always justified.

8. The unsigned answer of Mr. Bentley, the contractor, deals in generalities, does not name any of the timekeepers or special agents employed to check time, and rather admits and seeks to justify in the name of efficiency the irregularities complained of. He requests that the investigation be reopened.

9. *Conclusions.*—(*a*) The findings of the inspector, Maj. Hanley, are sustained by the facts, and nothing of a substantial nature to refute these facts is made to appear by the officer in charge of the Cantonment Division, or the contractors concerned. (*b*) The reopening of the investigation by this office could serve no useful purpose. On the other hand, the recommendation of the Inspector General (par. 4, sixth indorsement) that "the constructing quartermaster, Maj. Ward Dabney, be informed as to the above conclusions and recommendation, and that he be directed to determine the amount of the overpayments made by him to the firm of A. Bentley & Sons Co. for truck hire and pay of drivers, with a view to the collection of same from the contractor," puts the matter in proper motion for collection through the courts by the Attorney General after a proper investigation by Maj. Dabney, who will determine the facts.

10. The indorsement referred to has been approved by the Secretary of War and should be complied with .

——— ———,
Inspector General.

POSTSCRIPT.

The suggestion that because of the magnitude of the task it "can hardly be considered fair and just" to take one small operation and examine it all by itself, or that every other consideration must give way to the fact that the camp was built, is not at all convincing. Only the one so-called "small operation" has been the subject of investigation by this department, but the result of that investigation may be significant of the entire undertaking. That the Government made a most liberal contract with this firm of contractors is all the more reason why the highest degree of good faith and honesty in its execution should be insisted upon.

LOUIS H. STOLESBURY.

OFFICE OF THE INSPECTOR GENERAL,
Washington, March 19, 1918.

Memorandum.

1. The papers herewith relate to an investigation by Maj. J. L. Hanley, I. G. R. C., concerning certain irregularities regarding the hauling contract at Camp Sherman, Ohio.

2. The basis of the investigation was a letter from Mr. Ihsen, November 15, 1917, in which he quoted one George Goetz, formerly employed as truck driver for the contractor at Camp Sherman, as alleging that the contracting company (Bentley & Sons) were operating on an average of 250 trucks at the camp when the work did not require more than 50 trucks; that the contractor's superintendent of transportation, Mr. Tregelles, would often tell the truck drivers to "chase butterflies"; in other words, to keep out of sight of headquarters; that quite a number of truck drivers would drive their trucks into the woods and spend the greater part of the day; that Mr. Tregelles had been using one of the touring cars of the K. & S. Co., which company had been catering to Mr. Tregelles and the contracting company, thereby being favored, as quite a number of trucks belonging to other people had been released and later replaced by the K. & S. trucks.

3. The results of the investigation are shown in the following indorsement of this office, December 20, 1917, by which the papers were forwarded to The Adjutant General of the Army:

"1. These papers show that the Government has not only paid an exorbitant rate for the hire of trucks through the contractor at Camp Sherman, Ohio, but that it has also paid the drivers of these trucks for services in excess of those actually rendered to the Government.

"2. In this connection attention is invited to the following extracts from the inclosed report of the inspector (p. 3, inc. 1):

"'It is apparent from the testimony that little if any attempt was made to check the time of the drivers employed; that the trucks were not used to the best possible advantage; and that payments were made without proper effort being made to verify whether or not both men and trucks had been actually employed to the full extent for which payment was claimed.

"'It is the opinion of the inspector that an exorbitant rate was paid for the hire of trucks by the A. Bentley & Sons Co., as is evidenced by the price afterwards paid by the Government for trucks so employed by the A. Bentley & Sons Co., and the price that the various owners would have received in other employment of their trucks; that the opinion was general, that to lose time on the job was a factor to hold employment.

"'It appears that some connection exists between Mr. Tregelles and the K. & S. Truck Co., a new and recently organized concern. Since the appearance of the K. & S. Truck Co. Mr. Tregelles gave them the preference, and the payroll records show an increased amount of overtime paid their drivers, and that a higher rate was paid for the trucks of this company than for the trucks of other companies.'"

* * * * * * *

6. Particular attention is also invited to the following statements of the officer in charge of the Cantonment Division in his letter of March 5, 1918:

"(1) Inasmuch as the contract with A. Bentley & Sons Co. has been closed, it is suggested that if collection of any sums is desired from them, these papers be forwarded to the Attorney General for appropriate action."

(NOTE, O. I. G.—In connection with the above-quoted "suggestion," it may be stated that the inspector's report showed that, because of lack of proper precaution and supervision, it was impracticable to determine the amount of overpayments to the contractor, and this office, in recommending that the quartermaster be directed to determine the amount of overpayments, did so with the belief that his records did not contain sufficient data to prepare such a statement, and it was desired to have him admit that fact in writing. It appears evident that the Department of Justice can do nothing in this matter unless and until the War Department is able to determine the amount to be collected.)

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MARCH 22, 1918.

7. Unfavorable disclosures from the friends and close associates of an influential contractor could hardly be expected, and the obtainable evidence largely comes from another class, entitling it perhaps to less weight, but still entitling it to the consideration given it by the inspector. And naturally the daily association of officers of the Quartermaster's Department with the usually pleasant and intelligent gentlemen connected as executives with contractors, inclines the officers to a confidence in these gentlemen not always justified.

8. The unsigned answer of Mr. Bentley, the contractor, deals in generalities; does not name any of the timekeepers or special agents employed to check time, and rather admits and seeks to justify in the name of efficiency the irregularities complained of. He requests that the investigation be reopened.

9. Conclusions:

(*a*) The findings of the inspector, Maj. Hanley, are sustained by the facts, and nothing of a substantial nature to refute these facts is made to appear by the officer in charge of the Cantonment Division or the contractors concerned.

(*b*) The reopening of the investigation by this office could serve no useful purpose. On the other hand, the recommendation of the Inspector General (par. 4, sixth indorsement) that "The constructing quartermaster, Maj. Ward Dabney, be informed as to the above conclusions and recommendations and that he be directed to determine the amount of the overpayments made by him to the firm of A. Bentley & Sons Co. for truck hire and pay for drivers, with a view to the collection of the same from the contractor," puts the matter in proper motion for collection through the courts by the Attorney General after a proper investigation by Maj. Dabney, who will determine the facts.

The indorsement referred to has been approved by the Secretary of War and should be complied with (pp. 1441–1445).

MAURICE K. GORDON,
Major, Inspector General, National Guard, United States.

JOHN HARRIS, Higby, Ohio (pp. 1445–1456):

Employed at Camp Sherman teaming; driving my own team; from July, 1917, about 99 days for Bentley Construction Co., hauling lumber; mostly scrap lumber with a clean-up gang (p. 1445). Maybe 75 or 100 engaged similarly. A good deal of it was lumber that the carpenters would throw out, planks and some good lumber. We hauled everything that was left. Lumber to the scrap pile and the trash to the dump; part of the time in the canal, and part in the river. Dumped it down the river bank onto a fire and burned it up (p. 1446). Three and five loading. Would ride to the dump, unload, and ride back again. Two would have been plenty (p. 1446). We hauled some good planks 2 by 8 by 18, and dumped them in the scrap pile; also packages or bundles of lumber that were not open, or a few sticks taken out. Everything was gathered up left after building was completed, regardless of whether or not it contained material of value (pp. 1446–1447).

Mr. HARRIS. Sometimes a half roll and sometimes a little that was used off of a roll in the camp you know; a half or maybe a whole one, where a truck or a wagon had gone over it, they would throw it in, and we hauled it, and it was thrown on the dump, too, and then I seen whole truck loads of that stuff burned up.

There was not any attempt, as far as I could see, to salvage and gather up materials of value. Get rid of it any way you could, was the way it looked to me (p. 1447). I spoke to the foreman. He said it was not their business. They were going by orders. I mined two or three truck loads that I saw burned up in one day, including roofing and wall paper, building paper and tar paper, and lots of it of value. I would call the loss to the Government very great, when you burn it by the truck load; scarcely any of it but what I could have used if I had been building anything. I call it that. Wall board, may be half sheets and may be whole sheets broken a little bit. They would bend and break them, and then throw it away (p. 1448). As to nails. Well, there is lots of buildings that I worked around it looked to me like there was enough nails gathered up on the ground to put up a building. New nails, kegs as much as 5 and 10 tons thrown on my load and into the dump. I would say that all kinds of building materials were deliberately destroyed and wasted (p. 1448).

It looked to me as though there was a half too many men on everything. I mean double the number, and a great deal of idleness everywhere. In this clean-up gang I was driving all over camp, and the conditions I state were general. The plumbers were idle. I would see them standing around doing nothing (p. 1449).

One day I was directed to haul gravel to fix up around headquarters. There was a foreman there came to my foreman and wanted a team to haul some gravel and of course then I was hauling lumber then yet, just at the running gear of my wagon. He came to me and told me "You bring your team and work for me." I said, "What do you want me to do?" He said, "Haul gravel," I said, "I have no outfit to haul gravel." He said, "Just put planks on your wagon and come on." Of course I was working and it didn't make any difference to me what I done, so I went and got those planks for the bottom and a couple six planks for the sideboards

and some of them went along to show me where to go. I got to the gravel pit and they had three or four men there, I wouldn't say for sure, to load the gravel, and they had a water boy there. I let them load on as much as they could put on and then I started and when I got up there I didn't have much gravel on. There were no end gates (pp. 1449–1450).

I expect I hauled half a load. No end gates on. Haul was half or three-quarters of a mile. At the unloading place they had another foreman and another water boy, and I think three men. I was the only one hauling. I think I made about seven loads that day, about 3½ yards (p. 1450).

The total pay, at a minimum calculation, for the three men at each end, the foreman and the water boys, and myself and team would be $57.75 for the 3½ yards. I believe I could make pretty good money at $2 a yard, or $7 for the 3½ yards. That was along the first part of my work (p. 1451). That was under Bentley, and it was about as bad when I quit as when I began. I didn't notice any improvement (p. 1453). This was not the regular gravel pit.

I don't want the committee to understand that all the lumber that was hauled away was burned, but a lot of it (p. 1456).

JOSEPH WACKMAN, Higbee, Ohio (pp. 1456–1467):

Employed at Camp Sherman under Bentley about 100 days, teaming; driving my own team. Hauled scrap lumber, rubbish, wall boarding, as a member of the clean-up gang (p. 1456).

Many times I would have a load of lumber and when I would go over and ask the foreman he would not know about it and I would ask him what to do and he would say, "Just drive along over there and unload it; that is all I can tell you." I would not call that much system. Everything was swept up on a pile when a building was finished. We would back up to the door, they would throw the stuff on, and I would take it to the dump, where they burned it. It would be lumber, valuable material; nails would be in, and electric wire, elbows, and things like that for plumbing work. One day I actually believe there was a quarter of a wagon load of nails out of one building. There would be finishing-up lumber and different things (p. 1457). What I would call good lumber; yes. Whole bundles there; might have been one or two pieces taken out or they might have been dropped out through carelessness in unloading or handling, but there would be twine strings around it, and sometimes, maybe, nearly the whole bundle as it came originally, and that would be put onto the fire. I asked once about sorting out the joints of plumbing supplies, and they said, "Throw them right in the wagon." It looked like waste to me (p. 1458).

I had from three to five men working on my wagon, and two would have been enough. They would ride down and back (p. 1459). The three were loafing. When they got down to the river bank to unload only one fellow with a rake could work. The other four just stood there (p. 1460).

Early in the construction of Camp Sherman about 100 wells were dug all over the camp for supplying water. The dirt from them was thrown just outside. I helped fill them up. I hauled the dirt from down next to the gravel pit. Eight or 10 teams working from 7 to 10 days. Farthest well would be about 3 miles. Some dirt that came out of the wells, but none of that was used to fill with.

When I hauled the first load I said to the man, "Where do you want this dirt?" He said, "In the well." I said, "You will have to move the dirt that is about the well before I can get in to the well or I will stall," and, sure enough, I did stick getting in to the well (pp. 1461, 1462). The dirt that was around the well was then hauled away and used to fill in low places, some of it pretty near to the places where we hauled the other from. The scraper could have been used in filling these wells up from the dirt there in a comparatively short time. Looked to me like making more expense. I could not figure it in any other way (pp. 1462, 1463). I helped fill in 30 of them (p. 1264).

There was one pile at least where they didn't do any sorting, and there was one place that they were sorting it out. They had a good many scrap piles. I think some of it was used in making walks and lockers. None used in the barracks to make shelves. They used good lumber for that (p. 1466). Some of it was the highest-priced lumber, finishing lumber in the bundles; practically in the original bundles. Some loads would be more than others. I should judge most of it went to the scrap pile (p. 1467).

E. C. Bowman, Circleville, Ohio (pp. 1467–1493):

Have held various offices in the township and county of Pickaway. Was clerk of courts to August, 1917, when my term expired and when I was employed at Camp Sherman as timekeeper. Worked until about the 1st of November (pp. 1467–1469). I checked more men in and out of our office than any office in the cantonment known as unit sections. I acted as chief for some time, perhaps nine weeks (p. 1470). At one time 41 carpenter foremen checked in through the office. I was offered advances in pay that looked suspicious to me (p. 1471). While I was there I suppose I dropped $100 in contributions and buying presents. Different people came around (pp. 1471, 1472).

My jurisdiction was the whole south end of camp, at one time 2,368 men.

When I first went there, the first pay day we had was from that little office and I told Mr. Paregoy then, I said: "If this is the condition of things, why I am not going to stay and get into a muddle like this is into at the present time." Why, there were men, and some men that afterwards I knew, that I thought was there, that didn't get only about half of their pay and some of them didn't get pay at all, and it was irregular all the way through. You had a kick coming from first to last.

Mr. McCulloch. When you say they did not get their pay, was that because they were not properly recorded?

Mr. Bowman. Yes, sir, and——

Mr. McCulloch. Let me finish, and they were making complaints about that?

Mr. Bowman. Yes, sir.

Mr. McCulloch. Were they afterwards paid, do you know?

Mr. Bowman. Yes, sir; they were afterwards paid.

Mr. McCulloch. But your complaint was that the system was not such as to result in the accurate handling of the business, is that correct?

Mr. BOWMAN. Yes, sir.

Mr. McCULLOCH. And you made this statement, and what followed?

Mr. BOWMAN. Well, they started to check individually and they got that fixed up because there was some men you know they never could find, and so I made a suggestion in the auditor's office that the only way that these boys could check those men would be to check them by their foremen and then watch their foremen, because if you couldn't trust the foremen, if you found out that you can't trust your foreman, discharge him and get somebody that you can trust. Now, then, there were some foremen that had their men scattered, that—we will say perhaps they had 30 men, well, have them scattered over a mile—over an area covering a mile square. Well, now it was impossible to find a single individual where there were as many men at work as there were at that time; and at one time the camp had over 14,000 men and so they resorted to that system of checking it over with the foremen and cross checking.

Mr. McCULLOCH. How long did that last?

Mr. BOWMAN. Well, it lasted quite a while. And then in the meantime, why I would have the boys make individual checks, but they couldn't do that successfully, naturally (p. 1473).

I was acting for the Government, and there were timekeepers and checkers representing the contractor.

Mr. McCULLOCH. And you found the system when you went in there was inefficient; that it was impossible to arrive at a proper conclusion as to the number of men who were on the job, and as to the amount of time they spent on the job; is that right?

Mr. BOWMAN. Yes, sir (p. 1474).

Mr. BOWMAN. Well, when I first went there I was instructed by Mr. Rusk if I seen anything that was irregular, that it wasn't right. I should so report it, and I did so. I reported the things that I thought were irregular. I reported the fact of gathering up this lumber after the barracks building was completed in a short length of time—this stuff all had to be removed from the ground; didn't matter what it was. And I happened along there one day and I saw this material loaded on the wagon and I asked what he was going to do with it and he says, "Going to haul it to the bone pile." I said, "How does that come?" He says, "I don't know how that comes." He says, "That is my orders," and of course, you know, I had no supervision over them; I reported those things and I reported other things; men loafing on the job, a carpenter loafing on the job, taking men with them; I reported those things. And so there wasn't practically any attention paid to any of those things. There were many things that I reported that were irregular and I knew was not right, but they didn't seem to pay any attention to anything that I ever reported. There were men who were drawing more money than was coming to them. When I got there I kept a carbon copy of every transaction that had taken place in the office, and any irregularities I made a record of; and on Saturday morning they would bring the pay cards around to the office to be distributed among the carpenter foremen and we would check those pay cards and see if they were properly filled with the number of men, whether it is a laborer, whether it is a carpenter foreman, a carpenter helped, or water boy,

and if we would come across any pay cards that had a greater amount of money or pay on those pay cards than they were entitled to, why, I reported those facts, and so they finally told me that when anything of that kind occurred, just extract that amount of money and bring it to the office and they would give me a receipt for it. Well, I did that one Saturday and carried the money to the office, what I extracted from the pay envelopes in the presence of the party, and then I was stopped from that procedure.

Mr. McCulloch. You were told not to do it any more?

Mr. Bowman. They would not permit me to do it any more, and I didn't, and from that on I didn't report any more irregularities, because they didn't pay any attention to anything I ever reported and I didn't report any more irregularities (p. 1474, 1475).

Mr. Richards, of Cleveland, representing the Government, stopped me from reporting more irregularities (p. 1475).

Mr. McCulloch. The effect of which was to leave in the hands of the representatives of the contractor the authority to check their own time; was that it?

Mr. Bowman. Well, in a way. Now, then, I brought the matter up of scattering these men, you know, from the different foremen, each foreman keep his own men on the job instead of sending them to several different places, so that our timekeepers, you know, could check them individually; and they said they didn't have any orders to that effect and they wasn't going to do it, so that I knew that we didn't have control of their men.

Mr. McCulloch. The effect of the whole thing was, then, that the agents of the contractor—foremen—had everything practically their own way?

Mr. Bowman. That is true.

Mr. McCulloch. In the matter of the check?

Mr. Bowman. Yes, sir.

Mr. McCulloch. And the Government check was a theory rather than a practical proposition?

Mr. Bowman. Yes, sir (pp. 1475, 1476).

There was a secret-service man from the Government came to see me, but I don't know who he was. I had his name, but I could not tell you what his name is now; and he was investigating things in general, and we talked upon the waste of material, and he says, now he says, "Mr. Bowman, what would be your"—he first asked me if I knew it. I said, "I seen that the first day I was down here." He says, "Now, then, what would be your estimate of the good lumber that is in"—they call those bone piles; they didn't call them scrap piles; I never heard anything but bone piles, all. There was a bone pile right east of us, close to the river, that was—oh, I don't know, perhaps four or five hundred feet long and piled up, I should judge, 20 feet high; and he asked me what estimate I would make as to the amount of good lumber there was in that pile, and I told him that I couldn't—it would be almost impossible for me to make an estimate; and then he told me, he says, "In those piles over there," he says, "in my judgment, there is over 1,000,000 feet of good lumber in those piles." I told him that I couldn't say as to that, but there was an enormous amount.

Mr. McCulloch. What was done with that lumber?

Mr. BOWMAN. Well, there was a great deal of that lumber burned (pp. 1476–1477).

They had those piles all over camp.

Mr. MCCULLOCH. And, as I understand you, a large amount or a large number of these piles of lumber were destroyed by fire?

Mr. BOWMAN. Yes, sir; you see that was all inefficiency, because this lumber shouldn't have been hauled there in the first place; and, in the second place, it caused double or two or three times the expense in sorting that lumber out, because there were perhaps 6, 7, 8, maybe 10 carpenter foremen with their entire force over there sorting that lumber.

Mr. MCCULLOCH. On that one pile?

Mr. BOWMAN. Yes, sir. Perhaps there were two piles; I think perhaps there were two piles. They were in tiers (pp. 1477, 1478).

The waste was stupendous. I believe 50 tons of nails were wasted.

Well, I have seen myself hardware of all descriptions and plumbing material that were gathered up by these what we called scavengers and hauled to the dump pile and dumped out. For instance, elbows and unions for water systems, for gas pipes, and any number of them locks from the buildings, and hinges—everything, practically, that was used there; there was great waste. That was all swept up, you know, and they had to haul it away by some authority: I don't know where the authority came from (p. 1478).

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Oh, there was a great amount of material wasted by the plumbers, and they were the most expensive set of men on the cantonment—the plumbers; they were the biggest time killers that ever went on the public work, because I observed them, and yet I had nothing to do with keeping their time, but I was around, you know, where they were; I could see them shooting craps right on duty, and one fellow, I seen him drop a commode—and I don't know, I don't think the Government bought the cheapest of those things—and he held it up just about like that from the cement floor [indicating about 4 feet] and let it drop, you know, just to see it bust; he was drunk, of course; he was drunk at the time; there wasn't very many but what wasn't drunk.

* * * * * * *

There were whole rolls of roofing material, perhaps; they would be, perhaps, as high as maybe two, three, maybe four rolls, perhaps more at one building, that would be hauled away on the scrap pile.

Mr. MCCULLOCH. Other kinds of building paper?

Mr. BOWMAN. Yes, sir. This here beaver board, and that, I believe is the most expensive, they use it for, it is a plaster board; it is the most expensive paper that they used in buildings of that character. Now, they have plaster board, too; that is, call it tar paper; it is tar, you know, on the inside. Now, the beaver board, you know, is not, and I seen them load on whole sheets of that at once—and they were, I don't know, 8 feet long and perhaps 4½ or 5 feet wide—load whole sheets of it on.

Mr. MCCULLOCH. Go to the dump then?

Mr. BOWMAN. Yes, sir; and if it wasn't—if they had a load on, you know, and they wanted to finish and take that with them, of

course it would not lay on; they would just take it and double it over and break it—break it three or four times, so that it would lay on top of that load; otherwise it would not ride.

Mr. McCulloch. Anything about cement or anything of that kind (p. 1479)?

Mr. Bowman. Oh, I don't know. I seen a great many hundred sacks of cement that were wasted, left lay out in the rain, destroyed, just the same as stovepipe and elbow joints, up where they had their general headquarters, before they moved into the old brick building, they had their general headquarters up there right on the other side from here, south of that, I presume, that they were—oh, I don't know, there were more stovepipes and elbows piled along there than you could get in this Senate chamber. It covered quite an area; it covered, oh, I don't know, I wouldn't hardly be able to say, but perhaps an acre of ground and at that time we had considerable rain. It was wet, just looked like a lake there constantly, and you couldn't tell what this stovepipe looked like as far as material was concerned (p. 1480).

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It happened from my view—standpoint of view—from inefficiency of men who were at the head of those departments, and in having a surplus of help of all descriptions, laborers and carpenter foremen and carpenter helpers, and even water boys; why, I know where there were as high as three water boys to one particular building (p. 1480).

Mr. McKenzie. Can this situation be explained or accounted for in any other way than that the men in charge exhibited an absolute disregard for the right of the Government (pp. 1480, 1481).

Mr. Bowman. Could it exist in any other way?

Mr. McCulloch. Read it to him; I think it is plain.

(Previous question read.)

Mr. Bowman. It could not be explained in any other way, I don't think.

I make the statement before this committee that when we have over 14,000 workmen on that cantonment, the same amount of work could have been performed and could have been performed more efficiently with from anywhere from 3,000 to 4,000 men.

Mr. McCulloch. So that there were 10,000 men on there approximately more than ought to have been on?

Mr. Bowman. I would say so; yes, sir. There were carpenter foremen on that job that—not only a few of their men would be in idleness, but the carpenter foreman himself would join them in idleness. The story was going on—and it developed, I guess, to be the fact, that the more money there was spent in the construction of Camp Sherman the more money the Bentley Construction Co. would realize out of it.

Mr. McCulloch. That was the impression that prevailed among the men; is that right?

Mr. Bowman. Yes, sir.

Mr. McCulloch. They, of course, didn't know anything about his contract; but the impression, as I understand your statement, was among the men that there was to be a premium upon idleness?

Mr. Bowman. Not an impression, but you might call it a fact. That, I think, if this committee would come into contact or in touch

with every carpenter foreman on that cantonment, that these carpenter foremen who are honorable, if they will tell you the truth, that they had direct information as to that effect.

Mr. McCulloch. That was their orders; is that it?

Mr. Bowman. Yes, sir; now, then, there seemed to be—to substantiate my story—there seemed to be a great contention between the general carpenter foreman of the Bentley Construction Co. and one of the timekeepers in my department; they didn't like one another, and Mr. Paregoy informed me that he wasn't going to allow Mr. Kelly to put anything over him.

Mr. McCulloch. Now, Kelly represented who?

Mr. Bowman. Kelly represented the Bentley Construction Co.; he was from Boston, Mass., and so Mr.——

Mr. McCulloch. Who did Paregoy represent?

Mr. Bowman. How is that?

Mr. McCulloch. Who did Paregoy represent?

Mr. Bowman. The Government; the Government timekeeper; or he was a checker at that time.

Mr. McCulloch. You are ahead of your story.

Mr. Bowman. He was a checker at that time, and so I had been told the more money that they spent the more money the Bentley Construction would realize. I was told so by several different carpenter foremen. Now, then, I didn't ask them where they got it from, but there was—I don't know—I don't care about mentioning the name of this carpenter foreman, because he lives here in Columbus. He was always loafing on the job, and I reported that to Kelly. I said, "Why in the hell don't you fire that fellow?" I said, "He is always loafing, and you know he is loafing." "Oh, well, now," he says, "I will tell you a secret. Well," he says, "the more money we spend here the more money my boss will realize."

Mr. McKenzie. Who was that?

Mr. Bowman. That came from Mr. Kelly, J. B. Kelly, who was general carpenter foreman of the Bentley Construction Co. (pp. 1481, 1482). Kelly was the representative of the Bentley Construction Co.; he assigned them and gave them their rates, their rates of pay. Well, then, of course, they couldn't go to work until they would come to the Government office and get their numbers. Well, then we would take the employment slip away from them, and I would make a carbon copy of those slips, and copy those slips, and give them a number, if they were a carpenter, why, give them a carpenter number; if they were a carpenter foreman, give them a carpenter foreman number, because each number, you know, carried its scale of wages, and its trade or occupation; if he was a laborer, give him a laboring number; if he was a water boy, give him a water boy's number, and each one carried his own rate or scale of wages, and then of an evening, every night, we make a report of the number of men that were received and also the number of men that were discharged. Now, then, furthermore, it was in his power to discharge any of the men under his supervision.

Mr. McCulloch. Now, whose power—within whose power?

Mr. Bowman. Mr. Kelly's.

Mr. McCulloch. So he was the direct representative of the contractor as you understood it?

Mr. BOWMAN. Yes, sir.

Mr. MCCULLOCH. Now, your statement is confirmed by a letter from the Constructing Quartermaster Corps, Capt. Ward Dabney; to which is attached a list of the general foremen and superintendents of the Bentley Construction Co., and I will just read a few of these. There was M. F. Sullivan, general foreman of electricians, $10 per day; W. H. Atkinson, general foreman waterworks and sewers, $20 per day; F. J. Carew, superintendent of carpenters, $20 per day; S. McSkimin, general foreman, $16 per day; J. B. Kelly, general foreman, $15 per day; is that the Kelly to whom you referred?

Mr. BOWMAN. Yes, sir (pp. 1482, 1483).

Mr. Kelly's pay, it should have gone through our office, every time he was paid and so should all his force, but some way it never did but once and at that time, perhaps inadvertently it came through our office and he was very angry about it; of course, it was sent up, you know, to our office, you know, with the pay of the rest of the workmen and he had to come to our office, you know, to get his money and always been handed him through some other source, which I never learned how he ever did receive his pay but that particular Saturday he received $100, and I think—$120; I may be mistaken about that; I had a record of that; the record is destroyed (p. 1483).

I have related to you about everything without going down into details; I never under my own personal observation seen as much idle labor that received twice as much as they should have received in all the departments; there is no question about it in my mind; yet taking into consideration everything and time of war, that lots of this labor could not have been obtained unless they were given some inducement to apply for work of that character, but there were men on the job there as carpenters that bought most of their tools in the 5 and 10 cent store, their hammers, their hatchets, and saws. I seen them, and I put it at them, and they would make the reply, "Any way to get the money" (pp. 1483, 1484).

No question but what these inefficient men delayed and interfered.

No question about that; no question about it; one carpenter foreman by the name of Abernethy from Frankfort had at one time 107 men. I said, "Jim, for God's sake," I said, "How are you handling those men?" He says, "I am not handling them," he says, "I am just keeping them on the pay roll." Now, I reported those facts; I reported those facts to the auditing department. He says, "I don't know where my men is," he says, "half of the time; I don't know whether they are working or loafing around in idleness." I said, "Well, you know they are not all working." He just laughed and passed on, because I would go after them, I would tell them until it got to such a place you know where it put me in a very humiliating position, and I just quit it myself.

Mr. MCCULLOCH. Quit doing so?

Mr. BOWMAN. Yes, sir; because if you can not depend upon some of those—some military authorities there that would not take these maters up, what is the use for a private individual to try to take these matters up.

Mr. McCulloch. Now, when you were speaking to this auditor you were speaking to a man representing the United States Government?

Mr. Bowman. Yes, sir.

Mr. McCulloch. And he laughed the thing aside; is that right?

Mr. Bowman. Well, now, I couldn't say that; I couldn't say that Mr. Rusk did do that, but there is very few times that—only twice or three times I reported those things to Mr. Rusk that he seemed to take them in a good-spirited way, but the most of my complaints that went to Mr. Richards, who was associated, he seemed to be one of the chief assistants to Mr. Rusk——

Mr. McCulloch. Well, now, what was his attitude?

Mr. Bowman. "Well," he says, "we will see about it."

Mr. McCulloch. But nothing came of it?

Mr. Bowman. Nothing ever came from it; no, sir (p. 1484).

Mr. McKenzie. I want to ask you just one brief question and then Mr. Doremus may have you. It is not a very important one, but it struck me as material as affecting this system of having Government work done, namely, the cost-plus system; but that was your statement, that your salary was boosted from what you supposed it would be—$100 a month you started in to work at—to $175 a month without any suggestion on your part at all. That is correct, isn't it?

Mr. Bowman. That is absolutely correct; yes, sir.

Mr. McKenzie. And that other salaries were also boosted at the same time, and all of your salaries were being paid out of the Government Treasury; isn't that true?

Mr. Bowman. Yes, sir.

Mr. McKenzie. As overhead to this particular job and then, following that out, the man who did the boosting, being also paid out of the Federal Treasury, was the man that you and others were supposed to look to as your friend; and therefore it was up to you to contribute at least a part of your increase for buying him a nice present for boosting your salaries to be paid for out of the Federal Treasury. Now, that was the actual situation down there as I understand your testimony.

Mr. Bowman. That was the situation.

Mr. McKenzie. Would any such thing as that be possible under a fixed fee or what we might call a fixed contract price for the work, either per unit or for the entire job; would such a thing have happened in your judgment?

Mr. Bowman. Well, I hardly think so.

Mr. McKenzie. The truth about it is it didn't cost those men anything at all.

Mr. Bowman, No, sir.

Mr. McKenzie. Just simply moved up to $175, $150; Uncle Sam paid the bill (pp. 1484-1485).

* * * * * * *

Mr. Grubb was chief timekeeper for the Government (p. 1487).

Mr. Doremus. Well, what I would like to get at is, if I can, just how much money you received from the Government that you were not entitled to.

Mr. Bowman. Well, I don't know; I would not hardly be in a position to say; they paid more money than it was worth; there is no question about that.

Mr. DOREMUS. You really think you got more——

Mr. BOWMAN. I do; yes, sir.

Mr. DOREMUS. Money than your position was reasonably worth?

Mr. BOWMAN. I do.

Mr. DOREMUS. Why did you quit?

Mr. BOWMAN. Well, from the fact that I was driving backward and forward from home and the weather was bad; they had men there who had been on the job ever since the cantonment was started; had come there from Fort Benjamin Harrison and they dwindled down and only had about 280 men any more; wasn't doing anything and it was disgusting; it was a disgusting job to hold down if you tried to feel as though you wanted to do the right thing, and so I told Mr. Grubb, he left one of the men go and said there wasn't anything to do. I said, "Sure there isn't anything to do." I said, "There is no sense," I said, "in keeping these men here." The greatest amount of timekeepers that we had at any time was 62 and that is when they had about over 14,000 men on the cantonment. Well, now, at this time when the men dwindled down to a mere handful, why, I think that we had about 37 or 38 yet, and so I asked to be relieved.

Mr. DOREMUS. You quit voluntarily?

Mr. BOWMAN. Yes, sir (pp. 1487, 1488).

Mr. BOWMAN. They had more money in their envelopes than they were entitled to, but they had more hours on their pay envelope and on their pay card than they had actually performed.

Mr. DOREMUS. Well, now, let us see what you mean by that——

Mr. BOWMAN. I mean this: Suppose that a man had worked 20 hours at 60 cents an hour, would be $12; when his pay card comes out, it comes out 30 hours at 60 cents an hour, $18; well consequently that would be $6 more money than he would be entitled to. Now, we had our own records, had our own record as to each and every man's time that he performed on these jobs, and therefore he would have an envelope calling for $18, and it should have only been $12.

Mr. DOREMUS. Well, now, tell us how that happened; we are interested in that?

Mr. BOWMAN. I don't know; I couldn't tell you (p. 1488).

Mr. DOREMUS. Well, now just tell us what you know about it.

Mr. BOWMAN. Well, several envelopes that I took the money out of myself in the presence of witnesses and gave in the amount of money that he was entitled to, turned that over in the auditor's department and I turned, I think, one receipt over to Col. Wesson.

Mr. DOREMUS. Did you do the paying?

Mr. BOWMAN. Yes, sir.

Mr. DOREMUS. Do you know of any other instance of that kind that occurred?

Mr. BOWMAN. Well, there were several of those instances, possibly three, perhaps four.

Mr. DOREMUS. Possibly three or four (p. 1489)?

Mr. BOWMAN. I will make my final answer in this shape: That I refuse to make an estimate as to the amount of lumber that was wasted, but the amount of lumber that was wasted was enormous, and it was a disgrace to this Government, too, to anyone that had the Government at heart.

Mr. DOREMUS. I see; I will ask you, Mr. Bowman, if you know anything about the amount of waste lumber there is on an ordinary construction job?

Mr. BOWMAN. Not very much, when it is private construction; very little (pp. 1492, 1493).

Mr. MCKENZIE. Mr. Bowman, I would like to ask just one question. It seems that some of the members of the committee and those that heard you are not quite clear as to your statement as to what was done with the money taken from the three or four pay envelopes which you mentioned, where there was more money in the envelope than the men were legally entitled to at the time?

Mr. BOWMAN. They were turned back to Mr. Richards in the auditor's office, and I took his receipt for it for my protection; and those receipts are now in the hands of Capt. Wessen. What I had, Mr. McKenzie, I turned over to the auditor's office, took his receipt, and those receipts I turned over to Capt. Wessen (p. 1493).

VANCIL HENRY, Chillicothe, Ohio (pp. 1497–1501):

Have been carpenter for seven years. Worked under Bentley from July 25 to December 24, 1917; also for McGrath from March 18 until he finished. Had as many as 10 men from the camp living at our home.

Take the thing clear around, I would consider it very safe for me to say that 25 to 30 per cent of materials under the Bentley job were wasted. Lumber, hardware, labor, and everything (p. 1497). Base this partly on the idleness, because too many men on the different jobs. One time there were 200 men on post exchange No. 1, and I thought 50 carpenters could have done the work as handy as the 200. One hundred and fifty so-called carpenters too many, drawing carpenters' pay. Other buildings in proportion, that is, the work we had under observation. It was common talk. Then, when the job was to be done too quick, they would tell us to slow down or they would be out of a job. "Go out and take a walk, or go and get a piece of lumber and carry it around over the camp." The foreman told us that. Paul Bilzer, my foreman under Bentley (p. 1498). Said it to all of our gang, 15 or 25 men. I saw men draw pay envelopes for which they received money for time they were absent. One, a cement finisher, J. A. Wilson, went home; stayed two days. I said, "You are short your time." "No, I am not." He pulled out his envelope and showed me, and it was the same as mine. "How does that come?" I asked. "Oh, you can fix it all right if you know how. Go down and get a box of cigars and take it down and give it to the boss." He showed me the cigars in a box to give him. Wilson was off two other times. One time he stayed three days. Another time he and two carpenters' helpers went to a picnic. Went over and checked themselves in, came home, and went out to the picnic. Got full pay. Showed me his envelope. Bragged about it. Told me I might as well get some easy money same as he did. "We will get as much as you will, anyway." Boys that went to the picnic got full pay. Stayed at my house (pp. 1499, 1500). I know of other men who had their foreman check them in and out while they would be away from work. Apparently, if you stood in with your foreman you could get that. James Bates was one of them. Showed

me his envelope. Drawed carpenters' wages for straight time. Was away for three days once. Would talk of how little they did. Said they didn't know what to do if they got a job. Talked about it as if it was a joke to work for the Government (p. 1501).

WALTER H. RICHTER, Columbus, Ohio (pp. 1501–1507):

Worked at Camp Sherman from July 3 as carpenter, and then was made carpenter foreman. They wanted to know if I would be their purchasing agent, as assistant to Mr. Duffy. Hollingsworth, Bentley's superintendent, asked me (p. 1501). I agreed to get busy and get material on the job at Columbus. Once Duffy wanted to know why I would not purchase from a certain concern and I said I did not care to. That was the Standard Manufacturing Co. Duffy had bought from them all kinds of equipment, pipe, bathtubs, and closets. Reason I didn't they tried to bribe me.

Well, there was a man came in there and complained because he was not getting any orders and I told him at the time I was not buying any goods of that kind, but we were buying materials—lumber, and that was what we needed first. So then he went down to Chillicothe and he told Mr. Duffy, and Mr. Duffy wanted to know why I did not buy plumbing supplies, and I said I have not had any to buy at the time. So about a week or so later there was a fellow came in there and called me out in the hall and wanted to know why we did not get the stuff and I told him we were not buying much, if any.

Mr. MCCULLOCH. That is why you were not buying any stuff from the Standard Manufacturing Co.?

Mr. RICHTER. From the Standard Manufacturing Co. at the time. And I said, "Well, I have not had any orders for plumbing, only just a small amount, and it did not pay to deal with them at the time." He says, "Well, if you can throw anything our way we will give you a divvy out of it." I told him he would have to get out of the office or I would turn him over to the Government.

Mr. MCCULLOCH. Did he tell you what he meant by a "divvy"?

Mr. RICHTER. No; I did not give him time, because I did not care about being mixed up in anything of that kind.

Mr. MCCULLOCH. You told him to get out?

Mr. RICHTER. I told him to get out. I told him that no fellow ought to come in there and try to mislead me or try to do something of that kind with me and I ordered him out.

Mr. MCCULLOCH. Did you have many instances of that kind?

Mr. RICHTER. Well, I think I did, but the doors were open there so that everybody could hear what was going on and I just told them to get out.

Mr. MCCULLOCH. Will you tell us what the man's name was who said he would divvy up with you?

Mr. RICHTER. There are two brothers, and at the time I was busy handling the work and expediting 3,500,000 feet of lumber, and I had a pay roll there of pretty near $5,000, or something like that, and I don't know how many men I had to look after besides all of the purchasing orders that came in there, and I was excited and wild, and when that thing came up I got crazier than ever.

Mr. MCCULLOCH. You do not know which one it was?

Mr. RICHTER. No; I could not swear which one it was.

Mr. McCULLOCH. Was it one of the two brothers?

Mr. RICHTER. One of the two.

Mr. McCULLOCH. What is the last name, please?

Mr. RICHTER. Drehr (pp. 1502–1503).

The concern continued to furnish stuff to Bentley right along after that on Duffy's orders. The purchasing from this company of this material was taken out of my hands and bought directly from a fellow representing the Standard Manufacturing Co. down at camp, named Michel Patrick, with whom Duffy placed the orders (p. 1504).

I purchased a good deal of lumber. Ran from $30 to $45—joist, siding, and flooring. I think we bought some as low as $25 a thousand, but the great bulk much higher. I got no suggestion from Washington regarding the purchase of lumber from the emergency committee of the Council of National Defense. No, sir (p. 1506).

Mr. McKENZIE. Now for the benefit of the record, I want to bring this matter out, and I want to read a few paragraphs from the second annual report of the Council of National Defense, which carries it up to June 30, 1918. On page 161 of that report, under the title "Lumber section," I find the following:

> Shortly after the declaration of war with Germany the very serious problem of securing for the Government an adequate supply of lumber was presented. This material was to be used in the construction of shipyards, ships, training camps, embarkation camps, warehouses, factory construction, aircraft construction, and many other uses in this country, as well as timbers for docks, bridges, camps, and other uses overseas.

Then they go on and talk about the material division, and further on they say:

> On July 1, 1917, the mill-run average paid for southern pine was approximately $24.85 per 1,000 feet. Reductions in this price were made effective September 11, October 11, and November 11, the total reductions amounting to approximately $1.65 per 1,000 feet from July 1, 1917.
>
> The first large construction work undertaken by the Government after the declaration of war was the National Guard and the National Army cantonments, requiring upward of 1,000,000,000 feet of lumber. This first rush of cantonment construction was largely over by September, 1917, and since that date the other requirements of the Government have consisted principally of overseas shipments, interior depots, factory plants, shipbuilding, and shipyards, as well as aeroplane lumber.

Reading another paragraph:

> At the inception of this work in July, 1917, the first consideration was given to the necessity for promptly and efficiently supplying the Government with the amount of lumber which was anticipated at that time, serious consideration also being given to the necessity of coordinating the producing sawmills in this country and at the same time maintaining reasonable prices for all.

Now, we were led to believe and I had assumed that the Council of National Defense, a body of very distinguished men in this country, and men whom I think were giving, many of them—the great majority of them, at least—their very best effort in assisting the Government and in protecting the Government in these matters; and it was understood that they had a committee that did have to do with the fixing of the prices of lumber to go into these various camps and cantonments; and we were led to believe that the cost of the lumber was something like $24 a thousand: but from your testimony it is

evident that that did not reach Camp Sherman at all, and you bought your lumber wherever you could buy it, ranging in price from $25 to $45 a thousand. That is true, is it?

Mr. RICHTER. Yes (pp. 1506, 1507).

FRANK CRAIN, Ross County, Ohio (pp. 1507–1515):

Engaged in railroad work as a contractor. Built tracks in camp. Laid some track; not much grading done; just laid the crossties down and the track on it. Men got 40 cents an hour. There was a difference; some 40, some 35, 11 hours' pay for 10 hours' work. First 19 days we didn't know the superintendent; never been on the job yet. I asked the foreman, "It looks to me like they would get tired of us laying around up here." He said the superintendent told me "Just stick around anyhow," so we just naturally hung around on the job (p. 1508). About 10 of us at that time. We were just scraping around getting busy a little once in a while and drawing our pay. About three weeks before we started to put down the track, we put down a mile, 40 of us, three weeks to lay the ties and rails. Am a practical railroad man. Fifty men can lay a mile and a quarter a day, simply laying the crossties and putting the rails on and spiking them down (p. 1509).

We done the same work for the Pennsylvania Railroad Co. in Cincinnati, Ohio—the raising of the tracks and putting in a double track and raising their tracks in the city, and we had to haul our own gravel 16 miles, and I was in charge of the service and the equipment of the train and to see that everything was kept in order and moved along, and we had 24 passenger trains to contend with in 12 hours besides our own crews, and we handled anywhere from 125 to 190 12-yard cars and had a steam shovel and two engines, but down here I don't believe—I would be safe in saying that there were not over 30 cars of dirt handled at any time within a radius of a half mile to handle this dirt with one engine.

Mr. MCKENZIE. Will you say that the work was 50 per cent or 25 per cent efficient?

Mr. CRAIN. According to the work I have done on lump-sum contracts, where we did it by the yard, if I could not have laid that track quicker than that, I would have fired every man and quit myself—at least that is what I would get anyhow. If I could not handle more dirt than that they would make me get off the job (p. 1510).

I should judge I did about 25 per cent of a day's work. The foreman said he brought it up to the superintendent, and he just told him to sit around; that is all I know about it (p. 1510).

After we got through building railroads, I went to work for McGrath after he came down. Forty men three weeks at $4 a day would be $3,360. It ought to have been done in a day. I have done it in worse places in a day (p. 1511). Later for McGrath, or for the Esswein Co. I was leveling ditches. We worked pretty good for a while. Later I didn't do anything but draw our pay. We had instructions to keep out of the way of the Government men. Get in under our own barracks, and stay there; from our foreman, Reuben Lind. We obeyed promptly (p. 1512).

Mr. DOREMUS. What railroad did you ever know of in your experience that was constructed as cheaply as that?

Mr. CRAIN. We have built a traction line over here by Dayton; we built 1¼ miles a day with 50 men in a day. Of course, wages were less and we had our material to go and get, and this material was already right there on the job. The ties were already right there and the rails were already right there, and all we had to do was to take the cross-ties and lay them down on the ground and lay the rails on the ties and connect them up and to spike them down. and that was all there was to it. It was all strung out there ready for us to go to work on it and to handle it and put it down, and that was all we had to do (pp. 1512, 1513).

Mr. DOREMUS. Was there any roadbed to prepare for this track that was constructed at or near Dayton?

Mr. CRAIN. We just laid the track right there and then we made the roadbed afterwards with gravel and laid the track to it just the same as this was (p. 1513).

Foreman's name was William McCorkle. Lives at Higbee.

GEORGE MCCORKLE, Higby, Ohio (pp. 1515–1518):

Have followed mostly construction work. Employed at Camp Sherman as carpenter. Had a little experience. Didn't ask me whether I was a carpenter. Was there four or five months (p. 1515). Last foreman I worked under we didn't do practically anything. His name was McKeeve, and everybody seemed to do just as they wanted to do. I was four days under one building, just practically keeping in the clear. Commenced in August working for Irvin; then for McKeeve. If I ain't mistaken there were two gangs sent under that building. Some of them were working. That was kind of laying off the job, and everybody could not work that didn't have nothing to do. Some laying off some of the frame of the building. Yes, I have done a real honest day's work there. This work was under Bentley.

We got through this building where we spent the four days, and we goes to a small latrine or bathhouse, and we spends about three or four days; it was about 20 or 30 men at that time in McKeeve's gang—spent about three or four days on this bathhouse. Of course we all knowed there was something going to happen to us. So finally somebody got next to it, I don't know who, it was, and discharged the whole gang, foreman and all.

Mr. MCKENZIE. Including yourself?

Mr. MCCORKLE. Yes, sir. Well, that was the end of my work for Bentley (p. 1516).

Twelve men, and give them plenty of time ought to have built that little latrine within two days, and it took 20 or 30 men three days (p. 1517).

Our whole gang was discharged, including the foreman; spending so much time on that building I suppose. That is the same foreman that ordered us under the building. George Phillips was the foreman under which we did good work. Worked for him from March, 1918. One time, under him, Willis Gallagher and myself were putting on as much wall board as the whole rest of the gang, 20 or 30 men, so he came out the next morning, and told us we would have to cut that out. He said it showed up his gang too much, so we kind of took it a little slower.

It was while working for Bentley that we were fired (p. 1518).

W. R. LOWREY, Chillicothe, Ohio (pp. 1518–1533):

Undertaker, farmer, real estate man. Was around camp continually. Have a 400-acre farm right at the end of camp (p. 1519).

I have seen them drag rails one direction one day with an $8 a day team, and the next day haul them back, and the next day haul them with another team, always different men dragging different rails around; railroad rails. If it was the result of the engineer changing his mind, he must have changed it pretty often, because the roadbed was already made.

I observed the way men were working around camp. They would not work that way for me; time killing, as near as I can tell you (p. 1522).

I found that most of these trucks that work on the job were all overestimated in tonnage. A man could come with a 1½-ton truck. If he was put to the Bentley Co. it was 3 tons. If it was a 5-ton truck, he was paid for 7 tons. I cashed many of their checks. Effect of it was labor stealing (p. 1522).

Practically twice as much; he was never taken at his true value. That man Tragelis, as I understand, was an Englishman and he had that all under charge and you could see him any time of day coming out of the saloon, always practically drunk, as you call it, and they bought him—this K. C. Co.—the boys in the K. C. Co. bought him that truck as a gift.

Mr. MCKENZIE. What have you got to say, Mr. Lowrey, whether those trucks were all needed; that is, did they have use for them?

Mr. LOWREY. No, sir; they came time and time again; they would go in and check in in the morning and come back in my garage and hide until 11 o'clock and skip up a check out, check in again, and then go back at 1 o'clock and check in and 4 o'clock go back and check in again—be under cover, as you call it; time and time again that was done (p. 1523).

W. A. GREENLUND, Cleveland, Ohio (pp. 1533, 1534):

Formerly lieutenant governor of Ohio. Know R. D. Alexander, of Chillicothe. He interested me in the location of the camp at Chillicothe. First talked to me about May 15, 1917. First knowledge of its location was in a telegram from Alexandria, June 9 (p. 1533).

E. SCHOFIELD, Chillicothe, Ohio (pp. 1534–1546):

Employed at Camp Sherman as a carpenter from the last of July, 1917, until about the last of October, 1917. B. C. Frey was our foreman. I was in a gang of what they called "trouble shooters;" light repairs and on trouble, fixing up little jobs (p. 1534).

Mr. MCCULLOCH. How many men were on that labor gang?

Mr. SCHOFIELD. Oh, I don't know. They had a little room there, and of a forenoon that would be full. We would start them out; didn't have any idea what there was in there; somewhere, I would suppose, run 100, 150, 200, something like that. I don't know about how much that room would hold. A bunch of men standing in there about as thick as they could stand (p. 1535).

There was any amount of them that weren't carpenters. Two-thirds of them weren't. Effect did not speed work. It certainly

retarded it. On an automobile shed about 20 feet long with 10-foot rafters, it took 32 men two days to build. Five or six men ought to have built it in a day (pp. 1535, 1536). Because we had nothing else to do, and we were making it last; all I can tell you (p. 1536). We worked on different medical buildings, and on Red Cross buildings; too many men on the jobs; not on all the jobs. In putting on siding about 13 men could do pretty good work to advantage, but a siding gang came in with about 30 men in it. They were in each others way. The easiest job I ever had (p. 1537).

The fire burning up material was a big one. Could see it 7 or 8 miles away in the country at night, the blaze. They would have it lit for a few days, then not for awhile so much, and then again would leave it burning. Had orders not to use scrap lumber for anything. I took up some pieces of wall board one day, and the foreman told me not to waste my time with it. I could get a big piece from the storehouse and cut out what I needed from it. The big pieces were 8 by 8 and 10 by 12, and I would get one, even though I needed a piece only 2 feet square.

When you finished your job, you waited for the boss to come over, sometimes three or four hours (p. 1538). B. C. Frey. He told me one time I had got to quit firing the men or I would lose my job. Told me half a dozen times he had orders to hold his men whether he had anything to do or not. Yes; he told me to keep in the clear. The officers with uniforms were the ones we watched. After I finished the medical building I wanted to get away.

He said, "Yes; all right, you can get off; we haven't anything to do anyhow." And then about 3 o'clock he came around and said that he had orders not to let anybody lay off on Sunday. He said "We must have some urgent job; you better lay off in the middle of the week and go home and attend to your work." I went back to work on Sunday and didn't have anything to do.

Mr. McCulloch. How did you spend your time?

Mr. Schofield. I went behind the mound in section M.

Mr. McCulloch. Did he tell you to go up there?

Mr. Schofield. Yes, sir; me and my partner. I don't know where the rest went.

Mr. McCulloch. What did he tell you?

Mr. Schofield. He told me to get behind the mound "And stay there and I will go to the office and get the orders and then I will see you." And we stayed there and didn't see anything of him until evening.

Mr. McCulloch. Did you stay there all day?

Mr. Schofield. Yes, sir.

Mr. McCulloch. Did you draw your pay for that?

Mr. Schofield. Yes, sir.

Mr. McCulloch. Double time?

Mr. Schofield. Yes, sir; $12 (pp. 1539, 1540).

In a plumbing gang working right behind us on the medical building, the foreman would check in, and go away and come in at night and check out. He was half full of booze, and would do that right along all week. Bragged about it; that he got in a whole week that way, and didn't do a damn thing. I know about one man, whose home was in Dayton, Ohio, who carried a carpenter's check, a

plumber's check, and an electrician's check. Claimed he drew three pays. Name was Jim. Didn't do any work. Carried a little kit of tools around, back and forth. I don't know who his foreman was (p. 1540).

Had orders not to discharge anyone. I only know what the foreman told me, that he had orders to discharge no one from the field foreman. If one was discharged, he would go under another foreman back on the job again. The truth is, they did keep as many as they could get. That seemed to be the policy. Too many men on most of jobs. I saw trucks run over oodles of good lumber and materials. Saw them dump it, and turn around and run over it (p. 1541). Dumped lumber like you would dump a load of coal, and of course the boards would scatter and turn all around, and to get out he would run over it. Ruined right smart of it (p. 1541).

Orders to repair locks on doors. Found lots of them upside down and doors upside down. Spent more than six weeks going through that. It was nothing less than a killing-time job. It was duplication, but it was pretty nearly necessary to do it again to make them work. After we went through the first time and reported to the office, he said, "Well, we haven't got anything yet; you had better go through again and see if you missed anything," and when I came back again he said. "You had better go through again the third time," and the second and third times were time-killing propositions (p. 1542). Worked Sundays on that job. Did that under the orders of B. C. Frey, and he was under the orders of McSkimon, the block boss, and he was under Bentley.

Mr. SCHOFIELD. Yes, sir. One instance when I was in what they term the trouble shooters—their office was on the east side of the paved road where their quarters were, and then they sent us on the west side of the road where I had been in the habit of working, and we started over the line of toilets putting asbestos and sheet iron behind the stoves in the toilets and bathrooms. They started me and my partner down the line, and he told us wherever we found any tin on the wall that did not have asbestos behind it to tear it off and fix it right and put asbestos in. I said, "What do you want us to do with the tin? The soldiers will tear it up." He said "Just roll it up any way and put it outside and the junkman will gather it up." He started a line of men on each side on the toilets, and he told us to keep in line with each other so that he would know where we were. That meant that you could not work too fast and we had to slow up or not get ahead of one another. We worked along and me and my partner were working ahead and we got lost and got ahead of the others, and we thought they were ahead of us and we got to stepping along, and we ketched up with a fellow that was putting plain tin on behind the stoves without any asbestos on it; and we figured he was one of our gang and we went around him and we went on and put ours on. We worked on the balance of that day and probably got 10 or 12 of them in by evening. The next morning we found we were lost on our route and we were hunting through and we found that this fellow was following after us and tearing off what had asbestos under it and putting plain tin on it. Now, if you can beat that I don't know where you get it (p. 1543).

Lots of them doing carpenter's work with no previous experience as carpenters. Some of them developed and some didn't. It was

plain carpenter work (p. 1545). I believe a contractor could have gotten a few carpenters together. There was not so awful much carpenter work on hand at that time. I knew there were carpenters came from pretty nearly all over the State, and if there had been plenty of work at those places, those men would not have to have come. If he had weeded the men out, the ones who were no account at all, I am satisfied they could have gotten done much quicker with their work (p. 1546).

GEORGE SPENCER, Chillicothe, Ohio (pp. 1546–1548):

Worked at Camp Sherman under Bentley from July 19 to October 14, 1917. My foreman was Lee Terrill, and he was directly under Lee Mark. Remember trying to get off in September.

Yes; we were kind of slack that week and we were trying to get off, practically the whole gang was trying to get away, but the foreman said, no; they wanted to hold us there; there was liable to something turn up any time. They were liable to get material. We were under the impression they had no material to work with; that was the information we got from the foreman. On one occasion we got a few sash; we were working in the lavatory, and that is all we had to do that day, to fit those sash. There was two sash, a twin window to fit. I was pretty hungry for work; I hadn't anything to do all week and I lit into fitting it pretty brisk. He came around and made the remark that I was too brisk; them two sash had to last all day (p. 1547).

A person ought to fit 15 or 20 windows, something like that, or two light windows, and he told me two sash were our day's work. That was my orders. I presume 30 or 40 per cent more than ought to be on the same kind of work, in men, were there most of the time. I found when we worked on that it was a disadvantage. The fact was, to slow up ought to materially increase the cost. I would say 50 per cent were not qualified to do the work, but wtre on the pay roll as carpenters (pp. 1547, 1548).

What little I saw of the plumbers, they didn't do much work. The principal part was shooting craps, and something like that (p. 1548).

The foreman told us to keep in the clear of Government inspectors (p. 1548).

WILLIAM SPENCER, Chillicothe, Ohio (pp. 1548–1550):

Worked at Camp Sherman from July 2 for 19 months. Worked under McGrath on rifle range from November 12 to February 27, 1919.

I believe there were new buildings started by McGrath; still starting them in December, after the armistice was signed.

I had two or three foremen at that time; Jim Waters. A foreman named John Underwood told me to keep working while the Army fellows around, to try to do something to keep busy. I saw Harry Reese of Chillicothe making tables, which he said he sold to colored people as crap tables at $10 apiece, made on Government time. The colored men were on the job too (p. 1540). I think there were too many in each other's way. You could not do a full day's work; too crowded; I think about one-half more than there should be. I don't

see how they could speed it, the men being in each other's road. If there were less men, they could do it quicker, and the men made it cost a great deal more. At many times there was a great deal of idleness, all being paid. There was a great deal of waste of all kinds, lumber and nails. I have seen nails lying around rusting, and lumber lying around. It was no account after it had been broke up (p. 1550).

SERIAL 3, PART 22.

Hearings at Columbus, Ohio, November 1, 1919 (pp. 1551–1687).

W. F. GUNTHER, Chillicothe, Ohio:

Have been a carpenter contractor for about 20 years; contracting in a small way from $40,000 down on my own responsibility. Worked at Camp Sherman continuously from about June 27, 1917, to March, 1919. Started as carpenter foreman under Bentley until he left, about December 1, 1917. Was then with the constructing quartermaster, and was then with McGrath as carpenter until they left the job, February 19, 1919; was made section foreman at the base hospital, or block foreman (pp. 1551, 1552).

When I first went on the job I had about 40 men. I had the selection of the local men whom I knew—a great many had worked for me years before; got the gang together; they were miscellaneous carpenters. When they would ask for foremen I would recommend the best of them. Later, I do not think over 30 or 35 per cent of the men were carpenters. From my observation there was considerably too many men on the job, 50 to 60 per cent too many. I mean that because of the large number of men on the work it could not be done in the most expeditious and best way; emphatically was too many men from a mechanical standpoint (pp. 1552, 1553).

I mean by that that if I have a building 50 feet square I do not want a man for every square foot of it; that is too many and they are in each other's way and it is bound to result in delay and additional cost. If I was doing it in my own way I would not have had half of them and I would have got it completed quicker (p. 1553).

I saw that the object was to complete the building in a hurry and that was the intention of all of us who started there, I suppose. But when they crowd 40 or 50 men into a room 10 or 12 feet square there wasn't room for anything else. It certainly delayed it and increased the cost; the cost went on just the same (p. 1554).

It didn't look like there was anything else but waste in handling material. I could find materials of all kinds and of all descriptions laying about in all manner of shapes, driven over and tramped in the mud and just wasted. You might as well have thrown it away (p. 1554).

The waste in lumber was enormous. My work was mostly around headquarters—special work—and throughout the camp. I had to have mechanics. I picked up some of this stuff that was lying around and used it; I had no orders as to it. They could not have generally used this waste from the mountains of it piled up and burning at the camp on the old canal bank and on the river bank (pp. 1554, 1555).

I can describe it so that you can understand it. There was a score board to be made at the ball grounds, and desks; hundreds of those things I made, and I used anything that was applicable rather than to cut up a new board. One of the scrap piles was back of the ball ground. I said, "I guess I will go up there and make the score boards there rather than to bring the stuff down here." I guess I could have made score boards for the United States.

Hard to estimate the amount of it. I took it off the pile before the fire got to it. The intention was to burn it up (p. 1555).

Waste of nails in the same proportion. I venture to say that the nails I used were practically nails I had my driver with a team pick up. Whenever he found a keg of nails on the ground, either a broken or a full keg, he would bring it in. I got nails not only for myself, but furnished them to everybody in the neighborhood. I sent out on one occasion nearly a truck load of nails salvaged by myself (p. 1555).

Never was told to. So far as I know I was the only one who salvaged any and did it from a sense of economical justice to myself and to the Government. They asked us to buy thrift stamps, and we did it for a time, and then to see it thrown away, that went against the grain. I knew I would have to pay for it, and I am paying for it now (p. 1556).

In taking lumber off the car it was taken off in all lengths and was apt to be hauled on a field 2 miles or more from where you wanted it, and if there was a mud puddle in that neighborhood it was bound to be dumped into that mud puddle. It was not piled with the care we would pile it in our daily business. These fellows would just throw it anyway. It had a bad effect in warping and twisting; made some of it unusable; most of it was green. In my opinion I think you could come very nearly building another cantonment as large as that one down there with the material that was wasted down there (p. 1556).

I have salvaged nails enough myself from a building to build another one. There may have been an effort to stop it, but when they cleaned up they cleaned up everything and took it to some place, to the dump. If I had been a contractor and was paying for this stuff it would not have gone on that way very long. I do not account for it unless it was mismanagement as I know of. They could have salvaged immense quantities of it if they had a practical man at the head of it (p. 1557).

I got doors, I don't know how many, that I took and piled up. The upper part of this barn that I used for a carpenter shop, I had the second story of that full of doors and sash thrown out, and everything piled on top of it. I saw some of them laying close to me for a day or so and then when the wagons would go over them I would tell them to bring them in. When the wagons would go over this clean-up job they would take everything together.

Mr. McCulloch. Where would it go to?

Mr. Gunther. Some on the canal, and was burned, and some on the river bank (p. 1557).

* * * * * * *

Yes; I have seen three men have hold of an ordinary 2 feet 8 inches by 6 feet 8 inches door, trying to put on the hinges. If that thing would occur in the ordinary contract they would not last 15 seconds.

These things went on there for weeks and months. I do not think there is a contractor in the land that would stand for it if he was doing it on his own hook. I noticed it all the time, to a certain extent, both under Bentley and McGrath. Under McGrath I was not over the camp as much as I was under Bentley. My work there covered about 21 months (p. 1558).

The contractor during this time was represented by superintendents and foremen over me (p. 1558).

Sometimes they would come along and say, "What are you doing? How are you getting along? When you get through with this job there will be something else to go at." And that was about the extent of it so far as I was concerned. I don't know what they did after they left me (p. 1558).

I do not think I got two orders from Mr. Carew, the building superintendent, all the time I was there (p. 1559).

I saw representatives of the contractor every day while this condition prevailed without being changed or rectified. The waste was continuous all the way through (p. 1559).

I could have taken 15 men qualified and put up one of those barrack buildings in a couple of weeks. It took that long, but they had 150 or 200 men on it sometimes. There is bound to be delay when you have too many men on a certain area. It got so after two or three months I kind of got hardened to it—like you talk of a criminal being hardened. It does not strike me with the same force it does in the start (p. 1560).

I think I am safe in saying it could have been done in two-thirds of the time. One-third of the time was wasted (p. 1560).

The plumbers just loafed on the job is all. I can't blame the carpenters much. If the carpenters had used the same methods as the plumbers the camp would not be built to-day (p. 1560).

The fault is in the management. Those responsible must be the contractors. There was not a man on the ground, visitor or employee, but what knew the condition. I certainly would not have stood for the plumbers doing what they did if I had been charged with the responsibility. I would have regarded myself as derelict in my duty and as perpetrating a fraud on the Government if I had permitted it and accepted a profit for it (p. 1561).

As an instance: Here in this room were 40 or 50 plumbers here and over here [indicating] 40 or 50 carpenters, and these plumbers were shooting craps or playing poker and getting by easy—"Why can't we?" The result is the carpenters were using practically the same methods.

Mr. McCulloch. When they saw that it was going on and they were not getting fired?

Mr. Gunther. "Getting by with it" is what the word was there.

Mr. McCulloch. And somebody was permitting it?

Mr. Gunther. Somebody was permitting it.

Mr. McCulloch. And they were continuing to do it?

Mr. Gunther. They did do it (p. 1561).

I believe cement was wasted in the same proportion as lumber; it can be destroyed a good deal easier. The same applied to roofing paper and to tar paper; all the construction materials that were in the camp (p. 1562).

Mr. Westcamp, the foreman for McGrath may have been there all the time, but I did not see him sometimes for a day or two and sometimes for a week or two. Sometimes I would see Frank McGrath for three or four days in succession and then, possibly, not for a week or more (p. 1562).

McGraths finished their work about the 15th or 20th of February, 1919. I received a copy of this letter from McGrath & Sons, dated January 20, 1919, addressed to all foremen. I imagine it was 10 or 15 days before they left the job. It is the only letter I ever received on the subject all the time I was there from anybody, and I never received any instructions along the line of that letter before that time. The letter impressed me as a joke simply because the waste had been going on for two years, and then at the final wind-up you get this letter (p. 1564).

Affidavit of Samuel P. Baird (pp. 2095, 2096). Submitted by D. W. McGrath. States that he sent out the letter and that he prepared it in good faith just after he had been made general superintendent.

D. W. McGrath & Sons,
United States Cantonment,
Chillicothe, Ohio, January 20, 1919.

To all superintendents, foremen, and other employees:

It is the earnest desire of D. W. McGrath & Sons, general contractors on the work on this cantonment, to prosecute the work in the most economical manner possible. To this end we are asking your hearty cooperation.

There is an old adage, "A penny saved is a penny earned," and along this line we wish to call attention to some things that are a shameful waste of the people's money. In going over the cantonment extension there are many bags of set cement which have been either dumped off by teamsters or trucks, or unloaded and not properly taken care of by the foremen. Each of these is a total waste of two thrift stamps. I have seen kegs of nails buried in the mud, half filled kegs of nails standing in the rain, empty cement sacks by the hundred out in the weather, absolutely ruined. I have seen where teams or trucks have driven into piles of sewer-pipe specials with dollars upon dollars loss as the result. Men who do these things are undesirable employees and will be dismissed as soon as we can find out the guilty ones.

A day's pay is entitled to a day's work in return, and we are all morally and legally bound to give D. W. McGrath & Sons, and through them the Government, an honest hour's work for an hour's pay. We can not do this unless we are on the job ready for work at work time. Quitting time means just what it says, quitting time for work, and not to be 15 minutes' walk from our working places. I have seen seven carpenters, laborers, and foremen around one stove 25 minutes before quitting time, and all of them simply waiting for 4 o'clock. This is dishonest, and men doing these things soon lose the confidence of their employers and their own self-respect.

The Good Book says, "Give and it shall be given unto you; good measure, pressed down, shaken together, running over, shall men give unto their bosom. For with the measure with which ye meet the same shall be measured unto you again."

The working time will be 7 a. m. until 11.30 and 12.30 until 4 p. m. Men should not leave their working places until these hours and the trucks will not leave the big tree until 11.35 a. m. and 4.10 p. m. The checking booth will not open until 4.10 p. m.

We hope to have the hearty cooperation of you all to make the finishing of the Camp Sherman extension work conspicuous for its efficiency and lack of waste.

I thank you all in advance, for D. W. McGrath & Sons, the Construction Quartermaster, and myself for your aid in the above, which I know will be forthcoming (pp. 1564, 1565).

D. W. McGrath & Sons,
By ——— ———,
General Superintendent.

They knew they were going to leave there when we got this letter. I had as high as 150 to 170 men under me and think I succeeded in getting a reasonable day's work out of them. There must have been other conscientious foremen; most of them were entire strangers to me (p. 1566).

I had occasion to pass the dump and you could see it from different parts of the camp. Great clouds of smoke and flames at times going up. I observed all kinds of material in the dump, scraps of merchantable lumber and material (p. 1566).

Well, the scrap pile was practically the dump when they got ready to put a fire on it. Some of the stuff I took and used; I found it in the dump pile and some in the scrap pile. The fire was so intense at one time just above the Liberty Theater that every time in passing along the pike in a machine you had to crowd over on the pike to get away from the heat as much as possible. I believe the gentleman who had charge of the sawmills had considerable short stuff; would get it from the scrap pile; spreaders, 22-inch 2 by 4's; there was a great deal of it (pp. 1567, 1568).

I said there was waste, waste enough in my humble opinion to build another camp; that is what I intend to say (p. 1568).

It certainly would have been possible to have estimated the amount of material for a simple building of the character that was constructed there and to have ordered the lumber in proper lengths and have saved the waste that resulted in cutting. That could have been done at the mill the same as ready-cut houses. The buildings were all uniform; there would have been then practically no waste.

A common practice; yes, sir; amongst a certain class of men. A mechanic or a man who had some get-up about him would not do that. A man that wanted a 3-foot length would hunt a piece of that length. Others, not mechanics, or the jack-legs, would run nearly a half square away to get a 10-foot length to cut a 2-foot piece out of it (p. 1568).

FRED E. FULLER, Columbus, Ohio (pp. 1569–1580):

I am a photographer. I live in Columbus; practically had a concession under the firm of Wagner & Fuller, partnership; obtained through the office of R. D. Alexander. When we got it Col. Myers, of general staff, said, "Now, you boys will have to take care of Alexander on this thing before this contract is signed up" (p. 1571).

Wagner offered to give Alexander a Pierce-Arrow, but Alexander said to give him $100 a week. Col. Myers told me, "This man Alexander must be taken care of" (p. 1571).

ELIAS BROWN, Chillicothe, Ohio (pp. 1580–1590):

Carpenter, employed at Camp Sherman from July 3, 1917, to the present time. Worked for Bentley & McGrath and now in the utilities department for the Government. Had seven years experience as a carpenter. Was a carpenter under Bentley and foreman under McGrath.

I don't think there is any one man would be able to tell the quantity of material that was lost and wasted at Camp Sherman. Last Wednesday, a week ago, I went over to section W to repair a building and there was under this building—we had cause to go in to get

a piece of timber, a stick, or stop for a door; when I went under there was seven kegs of nails; three of them had been opened and four of them had never been opened, and four or five panel doors that had been laying there since the building had been built.

Mr. McCulloch. Just under that one building?

Mr. Brown. Under that building in section W (p. 1581).

The nails were rusty and the doors were water-soaked and moldy. I saw bonfires. I saw what went on to them—all kinds of materials used in construction work—good material. When a building was completed, just orders to clean out everything that was in the building; thrown out in a pile. Bundles of lumber and material; the finest of lumber went with the rest—flooring and siding, plaster board—everything that was in the building was thrown out. I did not see anyone try to save any. Everything was thrown out and the whole was destroyed. I didn't see it destroyed, myself; the drivers said it was all hauled out and burned up (pp. 1581–1582).

Carelessness I observed more than anything else and dumping roofing paper and material on the ground, and if it broke, all right, and if it didn't break, all right. You know that roofing paper, if you dump it and leave it lay on the side in warm weather, the majority of it is ruined. That occurred frequently (p. 1582).

I think that it would have been useless for me to sit here and try to tell what the loss was at Camp Sherman, it was so great—immense. I do not think anyone could tell. Representatives of the contractors were there. Under Bentley, their block foreman and the foremen—the field foremen. The foreman was on the job, and the others you would see once in a while. I think they were in a position to know all about it. I think it was carelessness in the contractors in not putting men capable of looking after the work on the job. It was easy to see; it has continued ever since I have been at Camp Sherman, and I went there in July, 1917, and am still there (p. 1583).

There were too many men; I have worked on buildings for the Bentley people, where there were 200 of us on one of those small barracks; men would just stand around in each other's way; the first building that I helped erect was a bunk house, and so many men got on it that it collapsed; they were sheathing it, and it spread and let the men down in, and there was over 100 men went down into that building.

Mr. McCulloch. And it was due to the fact that they had too many men on it; is that it?

Mr. Brown. There was too many men on it; yes, sir.

Mr. McCulloch. What would you say as to whether the men would do a day's work?

Mr. Brown. Well, I think some of the carpenters there tried to do what they should have done, but the unskilled labor, it was hard for anybody to work so many unskilled men as they had there, and I don't think anyone hurt themselves.

Mr. McCulloch. You think there was a tendency to idle the time away?

Mr. Brown. I think so.

Mr. McCulloch. Was that general—that tendency general?

Mr. Brown. Yes, sir; it was.

The effect of having too many men was to retard the work. I do not know the character of contract Bentley had with the Government. We knew that it was a percentage contract, we heard that from the time the camp started. They told us the more they spent, the more they got, that is all we know about it. The foremen told us that and it was discussed over the camp before it started. I have heard several foremen say that the more they would spend the more the bosses got (p. 1584).

Well, this is the way we felt about it; this is in war time and we thought that we should do our bit, to do and do what we could, but if we did more than what the others did, you would be discharged and you would do nothing in war time.

Mr. McKenzie. That is the way you felt?

Mr. Brown. That is the way I felt about it (p. 1585).

If you went ahead and did more, you would get discharged; that is all there was of it; if you went there as a carpenter and you had a fellow working at the side of you that was not a carpenter, and you would do more than he did, well, then, the fellow would come around and say, "What are you trying to do, kill your job? You will have to take it a little easy or I will have to discharge you if you go ahead that way."

Mr. McCulloch. The foreman told you that?

Mr. Brown. Yes, sir (p. 1585).

This occurred several times under the Bentley contract. One foreman who told me this was Fred Wholgemuth. He told it in the presence of all the men (p. 1585).

I think the foremen were burdened with too many men. They couldn't look after them.

Mr. McCulloch. I have an instance here where 58 men on one building where 15 or 20 would have been all that could work to an advantage, and then they would want you to take on additional men?

Mr. Brown. Yes, sir.

Mr. McCulloch. Can you give us instances of that kind?

Mr. Brown. I was foreman on the construction of the hay shed myself at that time.

Mr. McCulloch. Now, tell us about that circumstance.

Mr. Brown. We had 58 men working on that; of course we had to take what men was sent to us; you understand we foremen had nothing to do with hiring men, and we worked those men to the best advantage that we knew to work them and did the best that we could with them, and too many men for the foremen to look after to get the work out, for a man having 58. If they had probably 20 he could have done better (p. 1586).

We got the order several times not to discharge anybody; said they needed the workmen to get the work out. I believe under the Bentleys it was more so than under the McGraths (p. 1587).

Mr. Brown. Yes, sir. I was ordered from the Salvation Hut to work German prisoners at the reclamation garage, to build the reclamation garage with German prisoners. Mr. Frank McGrath came to me and he said, "Brown, what are you doing over here?" I said, "I am working German prisoners; not any civilians." He said, "I think you better get four or five; there is nothing for me for you to work German prisoners."

Mr. McCulloch. Did you get them?

Mr. Brown. Yes, sir; I did (p. 1587).

The plumbers were there, and that is all I could say.

I built the nurses' home. When I built the nurses' home and got those little rooms in there, they would get in and shoot craps in there, and when I would want to send carpenters in there to finish with that, you couldn't get them out of there; you couldn't get them out of there at all.

Mr. McCulloch. They were in there gambling?

Mr. Brown. They were in there gambling; be in there maybe some days——

Mr. McCulloch. What do you say as to whether the contractors knew this was going on?

Mr. Brown. They certainly did; anybody could have found them or seen it who went through the camp.

Mr. McCulloch. Did you see any efforts made on the part of the contractor to remedy this?

Mr. Brown. I did not.

Mr. McCulloch. And yet they were being paid full wages?

Mr. Brown. Certainly were.

Mr. McCulloch. Full time; were loafing on the job and shooting craps and gambling, etc.?

Mr. Brown. They loafed on the job at the nurses' home, at the hospital where I built, I can testify for that, because I saw them.

The first barracks in the new addition was torn down and we were ordered to change it four different times; claimed the street was in a different place. Had to be torn down and then turned around again and they finally completed it, I think, by turning the blue print upside down (p. 1588).

When the lumber came the driver would sign for it sometimes and sometimes not. We would order and always get more lumber than we ordered and what was left would be for the clean-up men (p. 1588).

Not half of those who were carried on the pay roll as carpenters were qualified carpenters; the rest of them were farmers, plasterers, and butchers—most anybody that came along with a hatchet and saw (p. 1588).

We could not get a fair day's work out of those that were not carpenters; they would do all they could, that is, part of them, not all (p. 1589).

I never had instructions to slow down (p. 1590).

John A. Coles, jr., Columbus, Ohio (pp. 1591-1592):

Am a photographer; submitted a bid and got the concession at Camp Sherman; over 30 per cent. Called on Col. Myers and Capt. Abele of his office laid out the terms. A politician named Alexander took unusual interest in Wagner-Fuller affairs. At the time Wagner-Fuller got the contract, Alexander seemed to wield great power in Chillicothe. He was spoken of sort of as the invisible Government. By that they meant that he came out and told people at camp what to do; that he controlled things. Pete Fuller, after the contract was made, when I asked him said, "The trouble with you fellows was that you didn't realize that every man had his price."

GEORGE E. COOPER, Chillicothe, Ohio (pp. 1593-1605):

Am a roofing and furnace contractor. Was setting furnaces; in charge of the whole business there for last few weeks. They were room heaters set in barracks and little stoves set in the orderly room; working for Bentley. The waste and breakage of furnaces and the lost time in erecting them and idleness of the men I want to call attention to. Furnaces were thrown about to a great extent.

Why, they would be thrown around there, and they would be broken; and the fellows go out to erect them, and they didn't understand anything about them, and they would break them; break parts of it, you know; and then they would take that furnace out of there and put in a new one, and that other, I suppose, went to junk, or something like that, just by one part or something being broken of the furnace. And the men working around there didn't understand anything about it. In some of the gangs would be as high as 10 men where only probably two men could work at a furnace at a time setting them up. That was all lost time. And then idleness—nothing to do.

Mr. MCKENZIE. You think there was about five times as many men working on these furnaces as necessary?

Mr. COOPER. Yes, sir; and there wasn't—well, there was four of us all that was practical men that knowed anything about that work, and the others didn't know anything about it at all.

I had full charge of 63 men. When I first went there there were a couple of hundred men erecting furnaces.

Well, the fact of the matter is we didn't work; that was the fact of the matter. When we first went there, the first day that I went there, my men and I, we set up nine furnaces that first day, and come in that night, and the foreman wanted to know what we was going to do; was I trying to put them all up in one day; so after that we didn't work that way.

Mr. MCCULLOCH. You took the hint?

Mr. COOPER. I took the hint; yes.

Mr. MCCULLOCH. Was that all he said to you?

Mr. COOPER. That was all he said to us that night; yes. And then other times we would go in in a little shanty there in section Q, along Columbus Pike, and he would say, "What are you doing over here?" He said, "Get over there in the bushes some place." So we went over to the barracks some place to get out of sight of the main pike.

Mr. MCCULLOCH. What time in the year was this?

Mr. COOPER. I went there, it was along in the latter part of October.

Mr. MCCULLOCH. Had there been many furnaces put up?

Mr. COOPER. Yes, sir; quite a few of them. That is, tried to put up. They wasn't put up.

Mr. MCCULLOCH. Were there many furnaces yet to be put up?

Mr. COOPER. Yes, sir (p. 1594).

Good many boys coming in and it was getting toward winter. I was there until along after Thanksgiving Day, and many furnaces not put in. Buildings that had no furnaces were occupied by men, and in the face of that situation the foreman over me told us to let up on the work (p. 1595).

They would not let me discharge any men. I remember one day discharging a man, and the next day I saw him in another camp working (p. 1595).

They just kept running back and forth. The delay was on account of the inefficient management. If they had started with the furnaces and had a system and people that understood it I venture to say they could have installed those furnaces in half the time it took (p. 1596).

There was suffering among the boys as a result of the furnaces not being in (p. 1597).

After we went around and set up the stoves it would be two or three days before the tinners would come around and put the pipes on. They would not let us do that. We were qualified; had the tools and material and could have completed but we were ordered not to. It would have taken an hour to put the pipe in the furnaces and it was delayed two or three days by these orders. And the boys were shivering (pp. 1597, 1598).

When I had charge of the furnaces, I would go down to the office, and they would have little tickets on a file there in the office for work for me to do. Well, a lot of times I would go in and there wouldn't be any tickets, and I would say to the clerk in the office, I would ask him what I would do with all those men up there. He would say, "I don't know. Just hang around with them." I would say, "I don't want that many men hanging around doing nothing." "Oh," he would say, "load a furnace and let them take a chase around the camp." They would have three or four trucks doing nothing. They would load a furnace on one of those big trucks. They would send them big trucks up there and I would send them back, and then they would come back again. I didn't have anything for them to do. They would load a stove and ride around camp, and maybe get out and ride around the country with a truck (p. 1598).

I used to go down to headquarters; the first thing in the morning I would go down to the office, and if there would be any tickets there for me to have the boys do any work I would go up and start them out to work. Then I would go back down there again, till I got to going so often this clerk says, "What in the hell are you doing here again?" like that. He wanted to know what I was doing in there.

Mr. McCulloch. Did you try to leave the camp and get away from the job?

Mr. Cooper. Yes, sir.

Mr. McCulloch. Tell him there was nothing to do?

Mr. Cooper. Yes, sir.

Mr. McCulloch. And who did you talk to about that?

Mr. Cooper. Mr. Carr.

Mr. McCulloch. Who was Mr. Carr?

Mr. Cooper. He was one of the bosses there (p. 1599).

Carr was under Bentley & Sons. Connors took charge of it after another boss left for Florida. Connors reported to Carr. I went to the office frequently to try to get work to keep my men busy and could not get any satisfaction (p. 1599).

Mr. McCulloch. I have got a statement here that my attention has been called to. I am going to read to you and have you comment on it, if you will. You are reported to have made this statement:

I was always used to doing something for my money, and I tried to get away from there several times before I succeeded, simply because it occurred to me it was nothing else than robbery to continue in such a way and under such circumstances, and as I now see it we were simply used in furtherance of a nefarious system.

Mr. COOPER. Yes, sir; that is right—correct (p. 1600).

Mr. MCCULLOCH. Will you tell us about that?

Mr. COOPER. Those furnaces were thrown out on the ground and they would get broken, and there wasn't any care taken in the handling of those furnaces, and by just one piece or something getting broken off that furnace it would be thrown away and another new one put in its place; and in handling them and hauling them around in them trucks, you couldn't say anything to the men; they would break them and they would be hauled back to the pile and a new one taken in its place that way. And then when I first went there, I had been used to putting in furnaces in school buildings and such like and we always had to put asbestos paper under the galvanized iron under the furnace, and I made a remark they ought to do that, and they wouldn't allow us to do it (p. 1601).

* * * * * * *

Mr. COOPER. And they wouldn't allow us to do that. Well, they put the furnaces up and they started to scorching the floor, and somebody would catch hold of that furnace and try to slip asbestos paper under that sheet iron and they would break the furnaces and they would be hauled out and another new one put in.

Mr. MCCULLOCH. Thrown on the dump?

Mr. COOPER. I suppose. I remember I was three days with my gang out there replacing new furnaces and getting different parts of the furnace together to see the shortage, and I reported that in the office. And finally they hauled those furnaces—I guess they went to the junk, finally they went in the junk (p. 1601).

I never have seen anything equal to the waste and destruction after the first time I was there until I left, and it was done under supervision and under orders to slow up by the contractor and his representatives. I have had 26 years' experience in the work. The furnaces were on the same principal but of different makes, all these room heaters. They put a 22-inch firepot downstairs and 24-inch upstairs; when it looked to me that they ought to be reversed, on the theory that heat goes up (pp. 1602, 1603).

When I left most of them were in where the soldiers were (p. 1604).

Several times a day I went to headquarters to see if there was something to do while these furnaces were not in. They were nothing but a stove with a jacket around it with the cold air going in the bottom and the hot air coming out at the top; circulating heat they call it (p. 1605).

During the time that I saw men shivering in the barracks there was no heating device in those barracks (p. 1605).

GEORGE FULLER, Columbus, Ohio (pp. 1606–1615):

I am engaged in the garage and trucking business. I furnished trucks for work at Camp Sherman to a man named Murphy; six altogether belonging to our company about the 1st of November, 1917. The arrangement was to put them on to Murphy at $12 or

$12.50 a day. I went to Capt. Tragellis, who was Bentley's man in charge of transportation, and tried to put them on direct and he said I could not (p. 1607).

Well, I told him I had these trucks there through Murphy and I was dissatisfied with the arrangement and I would like to put on those two tracks and four more direct, the same as the K. & S. Trucking Co. had them, and he said I could not do it at all; that he did not need them. Then I goes back to Murphy and he puts them on through the K. & S. Trucking Co. (p. 1608).

Murphy put them on through the K. & S. Trucking Co. I was told that Murphy got $15 and the K. & S. Trucking Co. got $16.50. That is what Murphy told me. From what they told me, it appears the Government paid $16.50.

Mr. McKenzie. Let us get that straight, now. Do you mean $15 and $16.50, making $31.50?

Mr. Fuller. No. It appears as though the Government paid the K. & S. Co. $16.50, and the K. & S. paid Murphy $15 a day, and Murphy paid me $12 or $12.50, I won't be sure. I don't remember that; either one of the two, but I believe it was $12.50.

Mr. McCulloch. I may make this observation. If the chairman has any information about it, I would like to know. My understanding is that there is documentary evidence in the record that the Government paid for these trucks to the Bentley Co. as contractors $25 a day, which, plus the percentage, would be $25 plus 7 per cent, would it—or approximately 7 per cent? Now, you say that on the sliding scale upward you got $12.50, that Murphy got $15, and the K. & S. Trucking Co. got $16.50?

Mr. Fuller. I only know that I got $12.50; I don't know whether it was $12 or $12.50. I only know what he told me about the rest (p. 1608).

I am acquainted with the officials of the K. & S. Trucking Co.

Mr. McCulloch. Do you know who they are?

Mr. Fuller. Well, Schulman is one, and a fellow by the name of Kissinger was the other, and John Joyce was in with them, and a little later, before I left Chillicothe, it was the J., K. & S. Trucking Co., which, I think, were about the same fellows.

Mr. McCulloch. You, of course, had business relations with them to some extent, didn't you? You were both furnishing trucks?

Mr. Fuller. Before the job was done Mr. Murphy went away, and he gave me a letter to Joyce to pay me for the trucks, and John Joyce paid me for the use of the trucks, and that is why I think that Murphy got $15 a day, because that is what he paid me for Murphy, and I gave Murphy the difference back then (p. 1609).

Mr. Joyce went down and drew the money and told me he was the J., K. & S. Trucking Co.; that the name had been changed. Later, at Nashville, after Tragellis left there, a man by the name of Eastman came, and I tried to get them on direct and could not. I had to go through the National Trucking Co., which was Joyce's concern down there. They had ton and a half trucks graded as 2-ton trucks. The rate on ton and a half was $1.50 an hour, and the 2-ton truck was $2.50 and the 3-ton truck was $3 an hour. Mine were 2-ton, and they were rated at $2.50. I got payment for overtime, so much for every hour they worked. I got 90 cents an hour and they got $2.50 an hour. I

told Eastman I would put them on direct at $2.25, and I could not get them on that way (p. 1611).

No excuse was given.

[Exhibit 168.]

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTING QUARTERMASTER,
Camp Sherman, Chillicothe, Ohio, August 13, 1919.

From: Constructing quartermaster.
To: Col. I. W. Littell, Cantonment Division, 1333 F Street NW., Washington, D. C.
Subject: Hire of automobiles.

1. We anticipate some trouble over the question of pay for hire of automobiles. The amount authorized in the contract is $5 per day. Early in the construction period 10 hours was decided upon as a day, the officer then in charge being under the impression that it would not be necessary to exceed that length of time; however, it is a frequent occurrence that we must use cars 11 hours and in some cases longer. We have a few cars without drivers, and these cars are in our possession throughout the 24 hour.

2. It seems to me to be inadvisable to lower the rate on any cars now that the precedent has been set; on the other hand, it would not be just to the Government to pay by the hour at the standard rate for a car which we keep permanently in our possession.

3. I therefore suggest that authority be granted me to pay 50 cents per hour for cars held for more than 10 hours, provided that no car costs the Government more than $6 per day. This, I am sure, would satisfy all owners.

4. I personally consider that $5 per day is a very adequate return for any car in our service, but the trouble arises through having established a flat rate for all cars, regardless of make or value, at $5 per day. It was actually intended that 10 hours would be considered the minimum, but it was not sufficiently explained to the owners and they have come to consider this as the maximum.

5. Instruction requested by wire.

WARD DABNEY,
Captain, Quartermaster's Corps.

AUGUST 15, 1917.

CONSTRUCTING QUARTERMASTER,
Camp Sherman, Chillicothe, Ohio.

Your letter August 13 relative automobile hire. This office does not recommend changing established scale of $5 per day.

I. W. LITTELL,
In charge of Cantonment Division.

THE A. BENTLEY & SONS CO.,
Toledo, Ohio, November 23, 1917.

CONSTRUCTING QUARTERMASTER,
Camp Sherman, Ohio.

Overtime on rented automobiles:

Aug. 8–14, 1917	$964.59	
Aug. 15–21, 1917	635.25	
Aug. 22–28, 1917	761.75	
Aug. 29–Sept. 4, 1917	841.00	
Sept. 5–11, 1917	839.50	
Sept. 12–18, 1917	726.25	
Sept. 19–25, 1917	699.75	
Sept. 26–Oct. 2, 1917	745.25	
Oct. 3–9, 1917	699.75	
Oct. 10–16, 1917	576.00	
		$7,489.09
Shortages and discharges		389.62
		7,878.71

THE A. BENTLEY & SONS CO.,
Chillicothe, Ohio, Camp Sherman.

To: Maj. Dabney, constructing quartermaster.
Subject: Automobile overtime.

Attached we hand you bill covering overtime for rented automobiles. You will note this bill is sufficiently detailed to show the periods in which this overtime accrued. We earnestly request reimbursement as we feel that the expenditure was a necessary one.

You will note in figuring the overtime we have allowed 10 hours as constituting a day. This for the reason that when the job was originally started 10 hours was authorized as a day, and the automobiles were rented on that basis, and in order to not delay the work, we were compelled to pay the owners the overtime in order to secure the cars.

* * * * * * *

Trusting you will pass this bill for payment, we are,
Respectfully, yours,

L. S. HILLEBRAND,
Secretary and Treasurer A. Bentley & Sons Co.

[Second indorsement.]

CANTONMENT OFFICE,
Washington, D. C., December 1, 1917.

To the CONSTRUCTING QUARTERMASTER,
Camp Sherman, Chillicothe, Ohio.

1. Under the circumstances, the payment of $1 per day for the extra overtime seems to be fair, but it is not clear just what is meant by the inclosed bill, which shows the total of $7,878.71. Can it be possible that there were in use as many as 100 rented automobiles which were subject to overtime charges? Please let us have full information.

By authority of the Secretary of War:

I. W. LITTELL,
Brigadier General, Quartermaster Corps, National Army,
In Charge of Cantonment Construction.
By PHILANDER BETTS,
Major, Engineers, Reserve Corps.
B. F. M.

DECEMBER 20, 1917.

OFFICER IN CHARGE OF CANTONMENT CONSTRUCTION,
Constructing Quartermaster, Camp Sherman, Chillicothe, Ohio.

Automobiles:

1. This is to acknowledge receipt of the detailed statements concerning the renting of automobiles in connection with the construction of Camp Sherman.
2. Your arrangement to pay $1 per day extra compensation where automobiles were detained for use in excess of 10 hours is approved, and you are instructed to make these payments in accordance with your corrected statement, which is returned herewith.
3. It is understood that the constructing quartermaster's accountability has been taken over by the camp quartermaster, and these papers should therefore be transferred to him if this is necessary in order to close the matter.

By authority of the Secretary of War (pp. 1612–1615):

I. W. LITTELL,
Brigadier General, Quartermaster Corps, National Army,
In Charge of Cantonment Construction.
By PHILANDER BETTS,
Major, Engineers' Reserve Corps.

Mr. JOHN W. COULTER, Chillicothe, Ohio (pp. 1615–1623):

Farmed some and worked at carpenter work some ever since I was 13 years old and qualified. Followed carpenter work with my father. Worked for Bentley about three months and then went back home. Later worked for McGrath from August, 1918, three

or four months. Was carpenter foreman both under Bentley and McGrath. Have had some experience in construction so that I am somewhat able to estimate the cost of building. Got track of some carpenter labor; cost on some that ran about $1,300, on others right across from us it ran $1,800 to $1,900. I heard talk about them running up to $2,300 or $2,500 for the labor cost. I would be glad to have the barrack building for a year right along at $1,000 a piece. The reason for it, there was too many men on the barracks; too many men who didn't do anything; were in each other's road; could not work with any kind of speed.

Mr. McCulloch. Did they work with any kind of speed?

Mr. Coulter. They could not. They were all tangled up as they were. One man would cut off a piece of board and turn around to pick up a hatchet, and some other fellow had thrown the board away, and he would have to cut another one (p. 1617).

When there were 36 up to 50 men you could not have done as much work as you could have with 20 men that were mechanics and quicker. It could have been done in somewhere near half the time. Did not have any orders not to speed up. Remember when I was there with a piece of work they told me to go down to a certain place and he says, "Coulter I am awfully busy and I wish you would take your men down along the line in a shady place, some place out of sight and keep them there until I come to you so I did it (p. 1617).

There were never any orders to speed up or hurry up. No attempt to push the work. One day I got orders to discharge a man if he didn't suit me and maybe in two hours or in the afternoon I would get orders not to discharge any men at all but to keep them right there (p. 1618).

Well, I had a water boy part of the time, and part of the time I wouldn't have; he would not show up, and we would need water, and I would go up to the office—when the men would want water, I would go to the office and they would say, "Haven't you got any water boy?" and I would tell them "No," and they would say, "If you haven't got any boy, then put one of your carpenters on," and we would have a carpenter on for maybe a week before I would get a water boy (p. 1618).

* * * * * * *

Mr. McCulloch. Tell us a little about that.

Mr. Coulter. Well, they would come around—send the timekeeper or something of that kind around to the foremen and tell us to come to Kelly's office at 2 o'clock, or 2.30, for a flag raising, and we would go up there and stand around there the rest of the day, and they would get a big flag up and raise it up on a pole on a building and have a kind of jollification and have a few speeches out of some of those fellows, and then we would go back down, as it would be about quitting time.

Mr. McCulloch. How about the men; what were they doing during the time the foremen were jollifying?

Mr. Coulter. I could not tell you, because I was not there to see them, but they would do like they did most of the time; and that is, that they were not doing much of anything in the way of work. We had to leave them when we were ordered to do so (p. 1618).

We were called on several times to flag raisings and things like that on Government time, and, of course, the building was delayed to that extent while the foremen were up there (p. 1619).

There was an awful lot of all kinds of material wasted at Camp Sherman; lumber and everything else.

They would haul siding enough there to put up two barracks, and part of it would lay at the side of the building, and they would haul other siding there, and come right along and run over that siding that was piled there with the trucks and wagons and mash it up before you got ready to put it in the building, and they would say when you got ready you could order more (p. 1619).

Am a taxpayer. Of course, I did not like the idea of it, but I had to stand it along with the rest of them. The superintendents and other agents of the contractors there knew what was going on. They could not help but know it (pp. 1619–1620).

I should think 30 per cent of lumber and material was wasted. I think that was a conservative estimate.

As to the system of time keeping, well, under Bentley, the foreman had to take the man's name and number every morning and he had to take it again in the afternoon, and then there were timekeepers for the Government—Government timekeepers and Bentley timekeepers, and they would come around to the foreman and go off and sit down with him and take the time off of your book. Sometimes Bentley's timekeeper would not be there; would not be there, maybe, for a day or two, and he would send some little boy in knee pants to get the time, and he would come down around there and take it and then in a few days, when the timekeeper would get back from wherever he was, he would come and want you to refer back in your book for a couple or three days.

Mr. McCulloch. The timekeeper was off the job a good part of the time?

Mr. Coulter. Yes; off the job a good part of the time.

Mr. McCulloch. As a matter of fact, isn't this true: That the keeping of time was largely, if not entirely, in the hands of the foreman?

Mr. Coulter. They seemed to expect him to do a whole lot of it.

Mr. McCulloch. And that is the way it worked out, wasn't it?

Mr. Coulter. Yes.

Mr. McCulloch. Even the Government timekeeper would come to the foreman to check up the time and he would take the time that the foreman had noted in his book?

Mr. Coulter. Yes.

Mr. McCulloch. So that if a foreman had 50 or 60 men on there and he wanted to beat the Government, he would have been able to do so, wouldn't he, without much danger of being checked up; isn't that right?

Mr. Coulter. Why, certainly. He said with the men scattered around all over the building, he would have to take our time.

Mr. McCulloch. So that while the Government check on time might have been a beautiful theory, yet in fact it was impractical and amounted to nothing; isn't that about right?

Mr. Coulter. That is about right.

Mr. Doremus. Somewhat leading.

Mr. McCulloch. Do you object to it?

Mr. Doremus. No; I do not.

The plumbers were surely loafing on the job.

Mr. McCulloch. Tell us about that in a word?

Mr. Coulter. They were on a strike at that time, and they were sitting around there at the end of the building, hammering up soil pipe and melting lead, and then take a little gravel and shoot it into it that way, and see it splash out. They stayed on the job, though.

Mr. McCulloch. And got their pay?

Mr. Coulter. I suppose they did. They were there on the job all the time (p. 1621).

I have seen buildings commence, partly up, and then they had to take them down. I have seen teamsters and truck drivers run over lumber. They would get stuck in the mud and use most of the load of lumber, throwing it under the trucks to pull themselves out. Have seen them take rolls of roofing and throw under the truck, under the direction and supervision at least of agents of the contractor. They knew or they ought to know. This continued from the time they commenced until the work was through, and waste and idleness continued all the time. I was there a little over five months.

Mr. Coulter. I never contracted any.

Mr. Doremus. You never put up any buildings on your own account?

Mr. Coulter. No, sir.

Mr. Doremus. Upon what do you base your estimate that there was 30 per cent of waste in time, labor, and material on that job?

Mr. Coulter. Well, on having too many men there on the job, and the waste of lumber and running over it and trampling it in the mud and mashing it up and hauling it out and things of that kind.

Mr. Doremus. But how did you reach your figure of 30 per cent?

Mr. Coulter. Well, only by the time that it took on each job and the material that was destroyed (p. 1622).

Mr. Doremus. I do not suppose you ever told any of your men or any of the men in your gang that they would have to slow up?

Mr. Coulter. No, sir; you did not have to tell them that. You nearly always had to keep them moving around. They were slow enough as it was.

Mr. Doremus. What success did you have in getting a day's work out of the men in your gang?

Mr. Coulter. Well, there was men that I didn't have any trouble getting a day's work out of; and then again there was men that I did not get a day's work out of, nor nobody else could, for it was not in them.

Mr. Doremus. Then there were some honest men on the job, you think?

Mr. Coulter. I had some carpenters that were all right, but then they were very few. There were so many of them that were not carpenters.

Mr. Doremus. How many men did you have in your gang, Mr. Coulter?

Mr. Coulter. Oh, I would have anywhere from 30 to 60, or 65, and sometimes 70.

Mr. Doremus. You say the cost of the barracks that were constructed under you supervision ran from $1,300 to $1,800?

Mr. COULTER. No, sir; I said the one of my own that I made the estimate upon and kept the figures for ran somewheres near $1,300, and the one right across from me—I knew the kind of men he had, and we talked back and forth every day, and I thought I would see about what the cost of one of them was, and I would total it up every night to see the number of men I had and the number he had, and to see how the buildings would run. I wanted to get an idea of about what one of them was costing.

Mr. DOREMUS. I think you testified you put up one upon which the labor cost was about $1,300?

Mr. COULTER. Yes; something like that (p. 1623).

Mr. C. E. FRANCIS, Chillicothe, Ohio (pp. 1623–1626):

Worked at Camp Sherman from July until about 11th of September as a carpenter; 1917. I would say there were about three times as many men on the job as there ought to have been, just scrambling over one another; incompetent men. In our gang possibly a fourth were carpenters; naturally that delayed the work possibly a half. I have been on a roof where there were so many men we would be afraid some of them would fall or the structure would collapse. As high as 75 men on one roof. Just the day before I went there there was one that did collapse. There was waste of all kinds of material. Am a taxpayer; have five children. The plumbers were about as idle a set of men as I ever saw around in barracks where we worked. Possibly got two hours' work a day out of some of them—maybe not that much—and they were paid 11 hours for 10 hours' work. Contractor and his representatives could not help but know about it. We had orders to slow up. Our foreman told us to keep low; that there was not much doing. For a while there was possibly 50 men where not one-third of them worked. Nothing for them to do, but they were on the pay roll. We didn't get orders to do anything. An order came to discharge men, and the same time that afternoon they would reinstate and pay them for the time they were off (p. 1626).

Mr. CLARENCE GARRETT, Chillicothe, Ohio (pp. 1626–1629):

Live right in camp. Worked for Bentley on Camp Sherman from latter part of July to the latter part of November. Mr. Rumley, of Wilkes-Barre, Pa., was my foreman. Was in position to observe the proceedings about lumber. In the material, the lumber would be hauled out and destroyed and throwed on the scrap piles, and some of it was burned, and when they got scarce of lumber they would picked it out the best they could some of it, and maybe use it, and maybe it was taken back again. And wall board, you would see a lot of that throwed out and throwed on the scrap pile, and whole bundles of flooring, some of that had never been opened, was throwed on the scrap pile.

Mr. MCCULLOCH. So they burned good lumber?

Mr. GARRETT. Yes, sir.

Mr. MCCULLOCH. Good lumber was wasted?

Mr. GARRETT. Yes; and not only lumber, but everything else they used (p. 1627).

Man by the name of Riley, of our gang, was put on as water carrier at carpenter's wages, $51.60 a week (p. 1628).

Have seen workmen building a road one day and tearing it out the next; digging a ditch one day and filling it up the next. One gang put water sheds over windows and another gang tore them off. I could not see what else it was for except to keep the men busy. This lumber and material waste was with the full knowledge of the men at the head; they were on the job every day, and it was done for them. I don't suppose they did know, but it was right before them and going on all the time (p. 1629).

Mr. HARRY O. REESE, Chillicothe, Ohio (pp. 1629–1632):

Employed as carpenter foreman at Camp Sherman from June until October, 1917, and then went to Jacksonville for Bentley as carpenter foreman. Had also been employed with Bentley at Toledo office, private construction work (pp. 1629–1630).

There were over a third to a half more men on most jobs than were needed to make an efficient force. In most cases the men had no qualifications for the work. In my judgment there was not half of them qualified as carpenters. It would greatly delay the work; 50 per cent, I should say. Could have been done in half the time; yes, sir. Estimate from 35 to 40 per cent of the lumber and presume 50 per cent of the nails were wasted because they were set out in kegs and the heads were busted in or they were dumped out. Seemed to be willful waste.

Mr. MCCULLOCH. His contract work?

Mr. REESE. Yes, sir.

Mr. MCCULLOCH. What do you say as to the difference in time first in the construction work between the system followed at Camp Sherman by Mr. Bentley on the cost-plus basis and the system he followed in his private work; which was the quicker?

Mr. REESE. His own work, by far.

Mr. MCCULLOCH. By how much?

Mr. REESE. By a good deal.

Mr. MCCULLOCH. Fifty per cent?

Mr. REESE. Well, that is hard to say. His men would have to do a great deal more work under him than they did out there.

Mr. MCCULLOCH. They did a great deal more work, didn't they, in the private organization?

Mr. REESE. Yes, sir.

Mr. MCCULLOCH. Just to get it clear and get right at it; what do you say, just your own opinion and estimate, as to how much quicker a given amount of work could be done under the system Bentley follows in his private business than it would have been done under the system followed at Camp Sherman?

Mr. REESE. Well, a man would have to have done three times the work.

Mr. MCCULLOCH. In other words, a man working on a private job for Bentley would have had to do three times what he did on Sherman?

Mr. REESE. Yes, sir.

Mr. MCCULLOCH. Now, then, what do you say as to the comparison of waste in materials?

Mr. REESE. Well, on any private job the material, he could not have worked if he wasted material like he did there.

Mr. McCULLOCH. He wouldn't have had him on the job?

As to the system of taking time, in general the foreman's time book was taken. If a man's time was short, they generally went to the foreman for the correct time. The Government checkers checked up partly by Bentley's books and would go to the foremen for the rest of it.

MR. GROVER C. BETZ, Chillicothe, Ohio (pp. 1632–1636):

Employed as carpenter under Bentley at Camp Sherman. I had a little experience as carpenter with my father. Had a couple of men 16 years old boarding at my house who were working over there and drawing carpenter's wages, and I was working for the railroad company for $85 or $90 a month, so I went up and got a job at carpenter's wages on July 6, 1917; stayed there until they closed. Then I took a job outside, and when McGrath got the contract I went with him and stayed with him until they finished. Then I went to the quartermaster and have been with him ever since. Am now employed in the Supply Department as a civilian for the Government.

Mr. McCULLOCH. And are you working there now?

Mr. BETZ. Yes, sir; and during the time I was with Bentley up through August and September everybody was working pretty fast, and from that time on everybody slowed down and there was for two weeks there I don't think a man did any more than two hours' work a day. I was with a man named Smith, from Dayton, the foreman; he quit when I did, or when they quit and went to Jacksonville, Fla.

Mr. McCULLOCH. Were there too many men on the job?

Mr. BETZ. There were, of the kind. There was men 16 years old, that had never done a thing but go to school all their lives, working there.

Mr. McCULLOCH. And drew carpenter's wages?

Mr. BETZ. Yes, sir.

Mr. McCULLOCH. With the result that they were not skilled and in the road of skilled men?

Mr. BETZ. Yes; I was not skilled myself; I worked seven years at it.

Mr. McCULLOCH. You could do the work?

Mr. BETZ. Yes; the kind of work at Camp Sherman; just rough work (p. 1633).

For example, when the camp was getting near completion, that is, in October—I think on October 13 is the time—I quit and Bentley and son left the bunch to go to Florida, there was a solid two weeks I don't think any man did two hours' work a day. We went from one building to another and nailed a few boards on the bottom (p. 1633).

One time under McGrath's administration I saw not less than 100 stoves setting in the open for three weeks at a time and became rusty. On the whole thing at least 10 per cent or maybe 25 per cent wasted in the construction of Camp Sherman on everything—building materials. I should say 10 per cent more was wasted than was necessary. You have to figure some wastage on a thing like that. I have gathered good lumber at the bone pile when it was burning myself (p. 1634).

I never saw any place where they did any sorting. They would go around and gather up the whole piece. They would gather up whole pieces that had been thrown from the upstairs windows or out of the downstairs windows and haul it away and burn it up. It was never sorted.

At the time the Cleveland engineers came there were about 10 rows of buildings, and we were to build a mess hall at each end. We built those buildings, and I don't think it was over two weeks before they were torn down. They moved away, the engineers, and they wanted that for a maneuver ground and they tore it down. The sheathing was wasted and the roof was all burned, right on the spot. I am not certain, I think it was 10 or more buildings on that place. I had a picture of this row at home, and if I had it I could show you how many buildings were there (p. 1635).

There is no doubt this idleness and waste was known. More than likely they gave their approval, because the foreman would not give us anything to do, and we would stand around, and they would tell us to get out of the way; would not know what to put us at; that is, after the camp had been completed in October. They did not remedy the conditions (p. 1635).

I did not like to stand around all the time, so I made a few pieces of furniture for my home and have it home now. Others did the same thing. Some would play cards; some would shoot craps at Government expense on Government time. And these things were made out of Government lumber during the time I worked for McGrath. I never was called on to hurry. If I was called on to do a thing I did it. McGrath surely knew of it. They were not remedied.

Mr. McCulloch. And they were remedied while you were there?

Mr. Betz. No, sir; I made the expression at one time while I was with Bentley & Sons that I would rather have the wasted nails than my salary on the job. The young fellows in our bunch, and I know of some on the other jobs, if they were called to go to another job and had an apron full of nails, and were called to go to another job where they would have to use another size, they would not go to the keg and put them back in, but dumped them out and let them fall down through the joists or shavings or any old place.

Mr. McCulloch. I have a memorandum here that I will read and I would like to have you comment on it. This is from my notes, and I will read it: "It was evident to anyone that both the Bentley and McGrath people were making the most of their opportunity without any attempt to give value to the Government."

Mr. Betz. I am sure they were there for what they could get out of it (p. 1636).

Mr. George A. Bonner, Chillicothe, Ohio (pp. 1636–1638):

Business is undertaking. Drove a car at Camp Sherman. Drove the timekeepers back and forth to their meals and back and forth over the camp. Observed as to the use of trucks and teams; there were too many.

Mr. McCulloch. What did you observe in regard to the use of trucks and teams?

Mr. Bonner. Well, they had too many. They would go up in the field and take their time; you would catch them there standing and

ask them what they were doing, and they were waiting for orders to unload. There were two or three men with a wagon, and the driver never done anything to help unload. He just drove the wagon.

Mr. McCulloch. You saw them loafing around there?

Mr. Bonner. Yes, sir.

Mr. McCulloch. You say there were too many on this job?

Mr. Bonner. Yes, sir. They had 450 at one time and about 70 trucks.

Mr. McCulloch. How many of those teams, of those 450 could have done the work if they were working in the ordinary way?

Mr. Bonner. About 200.

Mr. McCulloch. So you say there were 250 there that had no business there at all?

Mr. Bonner. No business there at all.

Mr. McCulloch. Did the same apply to the trucks?

Mr. Bonner. Yes, sir.

Mr. McCulloch. Tow about the men; how many were on the job?

Mr. Bonner. Too many, in my judgment; they were in each others road all the time.

Mr. McCulloch. You observed that on the whole camp?

Mr. Bonner. Yes; I went all over the camp twice a day (p. 1637). Same conditions prevailed all over the camp as to idle men and waste of all materials. Some of the material was hauled to the dump and some on the river bed and the wire fencing was thrown in the sewer ditches. I am a taxpayer. I thought it was willful waste.

Mr. Walter Pickens, Chillicothe, Ohio (pp. 1638–1642):

Employed at Camp Sherman under Bentley through July and August as a mechanic on the gasoline engine on the sawmills. Hollingsworth, brother of the superintendent of the job, was my foreman.

Mr. McCulloch. What do you know about the destruction of good lumber?

Mr. Pickens. Well, I have seen them bring over—a fellow came with an order to saw out so many pieces, so much lumber, and that lumber would lay on the piles, and there was a man there to look after the fire—the fire chief, and there was another fellow was assistant to the fire chief and he kept taking this scrap lumber away and taking it to the old canal bed, and this lumber laid there awhile and he got orders to take it away—I suppose from old man Hollingsworth—and it was taken to the old canal bed and burned. All kinds of lumber was taken from the sawmill and burned.

Mr. McCulloch. It was cut up first?

Mr. Pickens. Oh, yes; and throwed it on the scrap pile. They might have stacks of lumber from here to the wall [indicating] and about twice as high as I am. It might be for the gables on the barracks. One time there was a big bunch out there. They burned up so much lumber they had to quit; they were afraid of burning up the cantonment. Many a day it got so hot they couldn't burn it. And they hauled it then to the river bed (p. 1639).

One of the men who was working with me afterwards went to work as a plumber. Later, when the job was put in, it was put in wrong, and Mr. Shoemaker had to tear it out (p. 1640).

I know of a boy getting carpenter's wages for carrying water, $51.60 a week (p. 1641).

Mr. PICKENS. One of those buildings on High Street, where they had built a building, there was a lot of stuff in McGraths bone yard, and they got an old engine out of there that had been there for four or five years and bring it down there. Several carpenters, two or three or four carpenters, made the cutting table for this sawmill and I overhauled the engine; I ground the valves and fixed it up in condition. He brought inferior machinery there and the Government paid for it.

Mr. MCCULLOCH. A special price?

Mr. PICKENS. Yes, sir.

Mr. MCCULLOCH. And you say it was no good?

Mr. PICKENS. Yes; we made it work. We was a long time making it work.

Mr. MCCULLOCH. I guess that is all.

Mr. DOREMUS. Who discharged you?

Mr. PICKENS. Hollingsworth.

I was discharged by Hollingsworth, my foreman, and afterwards got on the job again.

Mr. JAMES O. MILLER, Chillicothe, Ohio (pp. 1642–1645):

Employed at Camp Sherman by Bentley and later by McGrath from July, 1917, to November, 1918; drove a team and drove a truck part of the time. I think one-third of the teams would have been enough; also too many trucks. Tragelis was superintendent of the motor transportation. Once when I did not have any work he said "Go chase butterflies."

Mr. MCCULLOCH. To chase butterflies?

Mr. MILLER. Yes, sir.

Mr. MCCULLOCH. Well, did you do it?

Mr. MILLER. What else would you have done?

Mr. MCCULLOCH. By that you mean that you loafed around; is that right?

Mr. MILLER. Yes, sir (p. 1643).

Hauled stuff to the bone pile where it was burned. Some of all kinds, some good material to the scrap pile where it was burned, part of it. Later when they were building some barns and wagon sheds they put some men on the pile and they sorted out a little of it and used part of it. A lot was destroyed by fire that was good and a lot was run over by trucks (p. 1643).

At one time a whole gang was hiding around a warehouse practically there for about two weeks, did no work. Nothing to keep them busy under McGrath. Fosnaugh rode with me once to the checking house but he really had more men than he knew what to do with, but he had orders to let none of them go. He was told to put them to work and he didn't have anything for them to do. For the time I was there I would say that altogether I would not do two hours work a day for at least six weeks (p. 1644).

Mr. LEO M. KELLHOFFER (pp. 1645–1648):

Worked as a plumber under the Bentley contract. We didn't do a day's work every day. Sometimes we did, sometimes we did not.

We were the waterworks gang putting in temporary pipes, that was not taken up. It was expensive stuff and should have been. A good many fittings were destroyed, let lay in the mud, never picked them up (p. 1645).

A good bit of tar roofing paper was wasted. Know about men going in in the morning, checking out at night, staying in town all day, nothing said about it, drew their full time (p. 1646).

Lumber kept piling up and piling up; after two or three days they had one pile they would burn and then in two or three more days it would pile up and they would burn it again. They left it there for about a month and burned the whole thing. It was a great big pile. I suppose it would cover a good size square. That was the one down by the waterworks, good material. I think that it was willful waste (p. 1646).

Just from what I heard, I think the camp could have been built for half. I have not any idea. That was the general idea of the men around there who had mechanical skill.

Mr. McCulloch. What do you know about the building of facilities that were not used by any—do you know anything about that?

Mr. Kellhoffer. Well, we were about three or four days running a shower up in Capt.—I believe it was Capt. Rhoades'—Major now—front yard that was never used.

Mr. McCulloch. How do you know it was never used?

Mr. Kellhoffer. Well, from what I heard from people working around there it was never used; I don't know myself; I could not swear to it, but it was run up in his front lawn of his residence (p. 1647).

I helped put the shower in at Government expense (p. 1647).

The plumbers were just about the same; they loafed their part; I admit that they loafed their part, but no more (p. 1648).

Mr. Harry Carroll, Chillicothe, Ohio (pp. 1648–1650).

Plumber, employed at Camp Sherman, began about April, 1918. I saw that they had too many men, more than was necessary. In one case where one man and a helper would have been sufficient, they had seven and eight men on. The whole bunch killed time as far as that goes, and I admit that the plumbers did, and I was one that did and drew my full pay right along.

Mr. McKenzie. Did anyone ever suggest to you that you ought to do a day's work?

Mr. Carroll. Me and a fellow from Lancaster, William Hatters, we worked together, partners, and when I went there I was in the habit of doing a day's work; always did at the shops outside; when you would go outside you would go ahead and put in your day, and so we started that there; we would get a job just about done and they would take us off and move us over on another building, and we would start a new one, and they would put a couple of old fellows that was next to the game, had been on the cantonment for maybe a year; they would hold that job for a couple of weeks (p. 1649).

Mr. McKenzie. What would you say in comparison as to the amount of work down at Camp Sherman cantonment to a regular day's work for a plumber working outside?

Mr. CARROLL. Well, a fellow would do about as much in a week there as he would do in one day if he was working for a contractor.

Mr. MCKENZIE. Do about one-sixth?

Mr. CARROLL. Yes, sir.

Mr. MCKENZIE. Of what he would do if he was working for a contractor and at the regular union scale of work.

Mr. CARROLL. Yes, sir (p. 1650).

Mr. PHILIP H. SMITH, Columbus, Ohio (pp. 1651–1657):

Have followed the automobile business about 16 years. Knew the K. & S. Trucking Co. Think the officers were Roy Kissinger, and John Joyce, and Schullman. I say that because the three were always together at Camp Sherman. I had an arrangement with Roy Kissinger for each and every truck I got him he was to pay me a bonus, and he was to sublet them to somebody at Camp Sherman for the Government, I suppose. I got him one and told him of several ones that he went and got; I was not paid my bonus, and that is the reason I didn't get him any more. I know Tragellis was superintendent of transportation for Bentley. I know he was hiring Kissinger and Schullman trucks at one time, I understand, 47 of them. Was familiar with the tonnage of these trucks at camp. Very few that were over 5 tons, and K. & S. did not have any that were over 5. Understand they were rated at 7 to the Government (p. 1652).

Had a talk with Kissinger about going with him to Chillicothe to take a car down. Told me if I cared to go down the next time he would take me with him and we went down, in a brand new Kissel-Kar roadster.

Mr. MCCULLOCH. Either from conversations that you had with Roy Kissenger on the trip or from his manner, did you gather that this car was being taken to Chillicothe for any particular person?

Mr. SMITH. Yes, sir.

Mr. MCCULLOCH. Before you got there?

Mr. SMITH. I gathered from his conversation and his manner and actions that this car was to be a present to Tragelis.

Mr. MCCULLOCH. You went down there with him in the car; it was a brand-new roadster, Kissel-Kar, and will you tell the committee just what occurred at Chillicothe (pp. 1652, 1653)?

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Kissinger and Shulman were on the job when nobody else was there, and they had trucks there when none were needed. They got trucks on and others could not.

Mr. SMITH. I told him the car was out there, and he came out and then he turned this car over to what I supposed was going to be the chauffeur; it was a man in uniform.

Mr. MCCULLOCH. What did he say to him?

Mr. SMITH. And he says "this will be our car and we can make good use of it," so I took it for granted that it was a complete present (p. 1653).

Mr. SMITH. Now, there was a man down there had two—his trucks were really 7-ton trucks, but he wasn't working through the K. & S. Co., and I gathered from him that the K. & S. was trying to put him

off of the job, unless he would come over and work through their combination, but he stuck anyhow for some reason, and one Monday morning after he had received full payment for the week before, he said: "I will show you another little thing we work down here," and he made out what he called a shortage slip. Now, he only had two trucks, but he makes out a shortage slip for $182. This was about 6.30 in the morning. They was all filling these trucks up with gasoline and oil, and he hands this to Capt. Tragelis.

Mr. McCulloch. You saw him do that?

Mr. Smith. I saw him do that.

Mr. McCulloch. He showed you the slip?

Mr. Smith. He showed me the slip.

Mr. McCulloch. You saw him hand that slip to Tragelis?

Mr. Smith. And handed it to Capt. Tragelis, and Capt. Tragelis signed it, or put an O. K. on it, and then he got his money?

Mr. McCulloch. Did you see him get the money?

Mr. Smith. Well, he went over there to a frame building and came out counting this—these bills (p. 1654).

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Mr. Smith. Yes, sir; the K. & S. Co. offered me a very attractive job down there, and I took it up with an attorney here in town, a personal friend of mine, and he advised me to stay away from it; he says "They will be in court some day."

Mr. McCulloch. Well, now, an attractive job; what kind of a job did they offer you?

Mr. Smith. One hundred dollars a week.

Mr. McCulloch. To do what?

Mr. Smith. Just riding around the camp and looking after their trucks.

Mr. McCulloch. And you kept away from it?

Mr. Smith. And I stayed away from it; I didn't know how long it would last (p. 1655).

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Mr. Smith. I think the Government would have paid me; I would have been listed as a chauffeur, see, and that would have paid me about $50, and probably with their boosting and overtime and, you see, double time for Sundays, and that kind of work, the Government, I suppose, would have paid it (p. 1655).

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Mr. Smith. Why, just looked like a bunch of crooks, the whole outfit did down there, Tragelis and this trucking company. When they was building that water works up on the hill, you remember that; they would send trucks out there and haul these men in; they would get their supper and haul them back out there and these men would work until midnight. These trucks was drawing double time all this time; the chauffeurs was drawing double time, until these men got done working at midnight, to haul them back to Chillicothe. Well, double time on a 7-ton truck is a pretty good——

Mr. McCulloch. Double time on a 7-ton truck is $50 a day, isn't it?

Mr. Smith. It is more than that, $35 a day, about $70.

Mr. McCulloch. Yes, it would be $70 a day.

Mr. McKenzie. Who offered you that job?

Mr. Smith. Roy Kissinger.

Mr. McCulloch. Well, how could Roy Kissinger offer you a Government job; he was not working for the Government.

Mr. Smith. Well, now, he—I didn't say it was a Government job, but I figured it would be just the same as these truck drivers.

Mr. McCulloch. How did you come to that conclusion?

Mr. Smith. The truck drivers were being paid by the Government (p. 1655).

Mr. Smith. I gathered from his conversation that the K. & S. Trucking Co. wasn't down there to lose anything; they were down there to get all they could get, and if they were going to pay me $100 a week the Government was going to pay it some way.

Mr. McCulloch. It didn't look good to you?

Mr. Smith. No; it didn't; or I would never have asked this attorney about it, and he predicted three years ago, what is happening right now (p. 1656).

Mr. Smith. Yes; but he wouldn't indorse their note.

Mr. McCulloch. Did you ever have any conversation with John Joyce relating to truck business?

Mr. Smith. No, sir.

Mr. McCulloch. Or the contracts at Camp Sherman for trucks?

Mr. Smith. He was in that office every time I went around there, though.

Mr. McCulloch. That is, you mean, Tragelis's office?

Mr. Smith. Yes, sir; at Camp Sherman.

Mr. McCulloch. Were you there frequently?

Mr. Smith. Well, I would say I was there on an average of three days a week for about six or eight weeks.

Mr. McCulloch. And during those times that you were there you saw John Joyce there with Tragelis, in his office?

Mr. Smith. He was in there pretty much of the time, in that frame building; yes, sir (p. 1657).

Mr. Ben M. Clark, Chillicothe, Ohio (pp. 1657–1668):

Employed by Bentley Co. as a carpenter at Camp Sherman and timekeeper and by McGrath as a timekeeper, chief night timekeeper. I had no experience as a carpenter. I was not asked whether I was one. Just asked them if they needed carpenters; they said, yes; bring all you can; and so I started about the 28th of June. Was timekeeper for McGrath until the 15th of January, 1919, then we were supposed to quit, in fact they didn't need an office force to keep their time at night, they were on the job awhile longer, though (p. 1659).

As a matter of fact the keeping of time was up to the foreman. His word would go all the time, either under Bentley or McGrath, so that while there might be a beautiful theory as to checking time as a practical proposition, it turned out to be a failure (pp. 1659–1660).

Mr. Clark. A failure the way they tried to do it.

Mr. McCulloch. And the foreman's word would go?

Mr. Clark. All the time; if a man would claim he was short, if the foreman would O. K. him as working a certain number of days, all he needed to do was to have that foreman's O. K., go down to the paymaster's office and get his money for the number of days he was supposed to not have been paid for, and when Bentley was there I

have stood down at the paymaster's office two days at a time, getting pay for a carpenter, because I happened to be a day or two days short.

Mr. McCulloch. And you got paid while waiting around for your money?

Mr. Clark. I think I have seen as high as 2,000 men around at the time.

Mr. McCulloch. Waiting around?

Mr. Clark. Some stand there a day, a day and a half, and some two days.

Mr. McCulloch. Waiting for their pay?

Mr. Clark. Yes, sir (p. 1660).

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Mr. Clark. They were being paid for mistakes, inefficiency, on account of the mistakes and inefficiency on the part of the Bentley Construction Co. I worked for a concern in Pittsburgh, and with a good head the errors on 10,000 people didn't amount to anything.

Mr. McCulloch. You say there was as many as 2,000 standing in line at that time waiting (p. 1660)?

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Mr. Clark. Well, when I worked for Bentley—whenever I work any place I like to see everything—oftentimes I would take a stroll around over the camp. I don't know whether I was supposed to or not; nobody told me not to and nobody told me to do it, and for the time being no one ever said anything to me abount me not being on the job I had to do. With a saw in your hand and carrying a hammer you can walk any place you wanted to and nobody ever asked you where you belonged. I have been from section M clear to section Z; I have seen it all (p. 1660).

The waste was enormous in many ways, not only waste in material but waste in time and men were being paid who were loafing on the job.

Mr. Clark. Loafing on the job. You could go over that camp any time and see crowds of men collected here and there in places where you knew they shouldn't be. Well, when they first started construction there the wheat was still in those fields; why, you could go out in those wheat fields any time and see a poker game and a crap game—I don't mean one but several of them. In the cornfields—it wasn't any trouble to go out in the cornfields and see the same thing. After the camp was in construction and the buildings went up, why, any time you wanted a poker game or craps game all you had to do was just probably look in three or four rooms and you would find one in one of the three or four anyway, and during my work at the base hospital group certain wards there seemed to be used for no other purpose than for shooting craps; no other in fact (p. 1660–1661).

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Mr. Clark. Oh, I could give you a description of most of them. Every day more or less the same thing from the time they got there in the morning until the time they quit; they wouldn't even stop to eat dinner; didn't have time; the game was too big. I have seen those wards—they are about as far as from here to the farther cor-

ner of this room—longer than that—I should judge they are about 18 feet wide, maybe wider than that, but I have seen a ring that would be clear the whole width of the room, maybe 30 or 40 men; I have seen two games in one ward (p. 1661).

Workmen supposed to be plumbers, supposed to be carpenters, others were cooks and fellows from the base hospital, both white and black, the color didn't make any difference, shooting craps on Government time, that is what they came for they told me (p. 1661).

Had a conversation with one of them:

I said, "You fellows have a pretty good time, don't you?" He said, "Sure." I said, "Don't you ever work?" He said, "No; we did not come down here to work"; he said, "The understanding when we came here was that we were not to work"; he said, "We came here to craps shoot." He said there were 50 of us came at one time.

Mr. McCulloch. Where from?

Mr. Clark. Chicago. He said there is some of the best craps shooters in the country right here in Camp Sherman now. That is all they are here for.

Mr. McCulloch. But they were doing all of this on Government time?

Mr. Clark. On Government time and on Government property.

Mr. McCulloch. And you saw all of this. You saw that?

Mr. Clark. Saw it all; saw it every day that I was working at the hospital; there wasn't a day that went by but what I saw it.

Mr. Clark. Well, of course, that bunch of 50 plumbers, as I had it from one, came there for no other purpose. I think there was crap shooting all over the camp. I did none of it myself. I do not shoot craps (p. 1662).

I suppose there were hundreds doing this in Government time in the face of the emergency. Finally there was an order issued against crap shooting on Government property. It got so bad that it came to their notice; it could not be concealed. Then they put an outpost out to see that nobody would come in there who had leather leggings on. They always called them leather legs. They did not care whether foremen and superintendents came around or not. I never saw anybody down there hurting themselves doing anything.

Mr. Clark. Well, the foremen of the different gangs no doubt knew that their men were playing poker or shooting craps. I have visited all over that camp during working hours, not only in the barracks where we worked but in barracks clear over in other sections, where really I had no business being. I should have been up there sawing boards or driving nails (p. 1662).

Mr. Clark. Why, in my opinion, there were a great many more than there should have been. I have seen times where I was working on a barracks, supposed to be 20 carpenters and 5 laborers in each bunch; I have seen three gangs in one barracks building, where you never needed more than 20 on any; 20 was enough on any barracks building.

Mr. McCulloch. Was the result of that excess number of men to delay the job or to speed it up?

Mr. Clark. Well, of course, they would be in each other's way (p. 1663).

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Mr. McCulloch. They are waiting on one another?

Mr. Clark. They have got to stand around; they could not work; there is no room for them; as big as those barracks are there would not be room for more than 20 men around those barracks (p. 1663).

Mr. Clark. Oh, I have seen piles of lumber that—well, you couldn't begin to—I don't think you could get them in this room here, not near to, I think; they had four or five scrap piles down there that I know of; it seemed that in the general cleaning up of a barracks, after it was finished all over, that the wagons and trucks would haul to wherever they pleased; I don't know whether they had specific orders or not, but I do know you would see them going anywhere, either over to the dump, or to the canal, or to scrap piles, and they hauled everything that they picked up, if that barracks building was finished, regardless of what it was they picked it up, loaded it on their wagon or their truck, and hauled it away.

Mr. McCulloch. Even though it was bundles of building lumber with the strings around them, never opened; is that right?

Mr. Clark. I expect if the piles have not been removed now, you can walk over by the Scioto River, back where the gate is, and you can see now an enormous pile of lumber; you can probably go over and pick weather boarding out of it right now. That pile has been there for two years—unless it has washed away, or unless lots of it has been covered over with gravel, washed away very early last year, has slipped down in the river and gone away. I have seen, oh, in my excursions around over the camp I have seen any number of wagonloads of material dumped into the canal bed. I was not very far there one day from seeing a whole team go down in the hole and two horses burned up; I was not any farther than from here out to High Street of them slipping over (pp. 1663–1664).

The streets were full of Bentley employees. You could always tell them by the white buttons they had on. Saloons were full of them; there was not standing room in the two up by the camp during working hours (p. 1664).

I went on the job the 28th day of June as a carpenter until the 12th day of September, 1917. I seemed to be serving as well as the rest of them. I guess we could have all done better.

Mr. Carl Bochard, Chillicothe, Ohio (pp. 1667–1670):

Have been railroading the last seven years until I went to work at Camp Sherman as a carpenter from the last of April until December last. There was waste of every material, nails, roofing, plaster boards, siding, everything. Nails, as many kegs of nails half full, kicked over and scattered over the ground, roofing lying scattered around all over the camp; we hauled trash up in Mace's Grove. I saw siding up there that had never been untied. There were many good pieces of timber in the lot there; I expect the pile is there yet, was the last time I was there three months ago. Covered half an acre of ground. Would not be of any value after being piled up that way (p. 1668).

Lots of idle men around. Walk off and stay two or three hours and come back. They were always there checking-in time (p. 1669).

I never worked under Bentley. I was not there when the most men were there. I know about nails being loaded on a traction car.

Mr. BOCHARD. They came out of No. 2 warehouse, and White was supposed to be our foreman. He is the one that ordered the cars; and he called up over there to send two cars over there to haul nails to the traction depot. Well, we took, I think it was, right around 120 kegs of nails to the Chillicothe wholesale house, in hardware; then we hauled three loads down to the traction; loaded them on the interurban car. He said that was going to Columbus. In the meantime he drew the check himself at the Chillicothe Hardware Co. for the nails, for we was talking to the fellow, the receiving clerk in there. He said that if he had had it himself he wouldn't have accepted the nails, but he said his foreman did.

Mr. MCKENZIE. And they were shipped off of the camp?

Mr. BOCHARD. They was taken off of the camp.

Mr. MCKENZIE. And about how many kegs?

Mr. BOCHARD. There was 120 kegs, and he drew the check.

Mr. MCKENZIE. To whom were they consigned at Columbus?

Mr. BOCHARD. I couldn't say that (p. 1670).

Exhibits, pages 1671 to 1673, inclusive, are orders placed by A. Bentley & Sons, general contractor, Camp Sherman, with the M. J. Gibbons Supply Co., Dayton, Ohio, plumbing subcontractors, who actually did work. Plumbing supplies to a total of $135,075.14 (pp. 1676–1687) are a series of orders placed by A. Bentley & Sons Co., issued through the purchasing agent, T. M. Duffy, from Chillicothe, Ohio, to the A. Bentley & Sons Co., Toledo, Ohio, for material and supplies used in the construction of Camp Sherman in substantially aggregate amount.

SERIAL 3, PART 23.

Hearings held at Camp Sherman, Columbus, Ohio, Monday, November 3, 1919 (pp. 1689–1797):

ZACK JAMES, Chillicothe, Ohio (pp. 1689–1694):

Employed at Camp Sherman as carpenter under Bentley from about July 12 for 11 weeks. Later 9 or 10 weeks for McGrath. There were a good many men there all the time, more than there should have been. Lots of times they were in each other's way, and I think about a third less men would have done the same work, perhaps one-half would have done it in the same time. My gang ran from 22 to 28, of which 8 or 10, I should judge, were carpenters; rest of them just hatchet carpenters (p. 1689–1690).

Mr. JAMES. I told my boss a time or two if he would let me pick out eight out of his gang and let me lay them out the work they would do more work than his entire gang. He looked at me and said he didn't know but what I was right.

Mr. MCCULLOCH. What did he do about it?

Mr. JAMES. He wasn't supposed to discharge anybody.

Mr. MCCULLOCH. He wasn't supposed to discharge anybody?

Too many men. They took the work right away from you and bothered you (p. 1690). Half the number in experienced men would have done the job in much less time than it was done. Called this to the attention of my foreman a time or two. Sometimes he listened to me, and took them away; sometimes not (p. 1691).

There was lots of waste of lumber and nails. Think I would be safe in saying that 25 per cent or more of the lumber was wasted (p. 1692). The waste and idleness could not help but be within the knowledge of the foremen. The contractor's agent kept sending in men all the time when they were idling around. I have contracted in a little way in town for 25 years (p. 1693).

If 50,000,000 feet of lumber went into this job, I say 25 per cent, or 12,500,000 feet were wasted. I think I am safe in saying that, and this continued under both contractors (pp. 1693–1704).

W. B. McCorkle, Higby, Ohio (p. 1694–1705):

Worked at Camp Sherman from July, 1917, until the job was practically over, under both Bentley and McGrath (p. 1694). I was on the rolls as a carpenter. Never said I was, and am not a carpenter. Employed as carpenter at carpenter's wages.

I recall the building that collapsed, because it had too many men on it. I was right below on the next building. There was not any system. You could not really tell who your foreman was, there were so many (p. 1695).

Mr. McCorkle. There was lots of idling; suppose we finished up a job here and they sent us over yonder to do another job and we would stay there a day or two, sometimes two days, the foreman and the whole gang would be idle because we didn't have the foreman to instruct us what to do and how to go to work.

Mr. McCulloch. Just idling?

Mr. McCorkle. That is all you could do. There were men there, and several fellows would work when they were told what to do; sometimes they would work and sometimes they wouldn't (p. 1696).

We were waiting for orders, and doing nothing. Make a job last until you get further orders. Had to get in your time some place. Sometimes the foreman would tell you to work, and sometimes he would tell you to get in the clear so that these men, the leather-boot men, wouldn't see you. One time I went to the foreman and said, "Fellow, we have loafed until we are tired. I want to work." He said, "Ain't you doing well enough?" When we seen a Government man coming around, we would pick a 2 by 4 and carry it a little ways, and throw it on a pile. He told us to do that. Our foreman was George Keeney. Told us to be busy when they were around, and go to a building and lock ourselves in and go to sleep (p. 1696).

Mr. McKenzie. How much of the time that you were on this job do you think you worked and how much did you loaf?

Mr. McCorkle. That is a hard question to answer; I didn't keep a memorandum of it. But on the job up yonder I am satisfied we loafed anyhow two or three weeks, the whole gang. What I call loafing is this way: The foreman came out and would give us a bunch of keys and tell us to try the locks and see which one would fit in the doors; may be the whole gang came along one after the other and did that, and when we got tired of that we went into a building and stayed there for an hour or two, something like that, and maybe longer. And that is the way it went from that time on. And then when they sent us away and down here we couldn't get the plans and we didn't know how they wanted the grease cups fixed and then we didn't work much until we absolutely quit.

Mr. McKenzie. Would you say you worked 50 per cent of the time?

Mr. McCorkle. Oh, yes; half of the time.

Mr. McKenzie. You worked sometimes?

Mr. McCorkle. Oh, yes; sometimes we worked good and sometimes we didn't work.

Mr. McCulloch. Did this condition of idling on the job with the knowledge of the foreman continue during both contracts—under both contracts?

Mr. McCorkle. Off and on it did. Sometimes we would work, and sometimes it was the way I told you (p. 1697).

It was a little worse on the last contract, in my opinion, than on the first; more under McGrath. Both ways was not much difference, but we absolutely loafed until we quit (p. 1697).

I am a taxpayer.

The idleness could not help but be within the knowledge of McGrath's agents.

About the screen doors and windows; we went along first and put on a door, and then we would take the door off—just anything to put in time. We were at that eight or nine days and when we got through we were in worse shape than before. And then they took us over to the hospital. We would put them on and then in about an hour after we put them on, after we first commenced to put the screen doors on, Aubrey's timekeeper came and said, "Here, you have to make this last" (p. 1698).

Aubrey represented Bentley's foreman, Ed. Knight. Putting on and taking off these screen doors lasted about ten days (p. 1698).

Under McGrath about 18 of these 20-foot square buildings were built, and immediately torn down. Toward the last, they told us to hurry up and get some started, and they would allow us to complete them. George Keeney was foreman.

Mr. McCorkle. He said to get them up as fast as we could; if they came that would be so much more to do. And then they delayed it and done so much loafing and then tore down a whole lot of those buildings.

Mr. McCulloch. What instructions did you have about delaying the work after you had gotten this preliminary construction up?

Mr. McCorkle. Well, the orders was—we were told—the field foreman over our foreman told me we had to wait on further orders. That is what they would tell you when we went to them and asked them what we could be doing—waiting on further orders (p. 1699). We put up several one night. Didn't get them up very good, and they blew down. Straightened them up the next morning. We put the sheds over the windows and doors eight different times on one barracks.

Mr. McCorkle. We would put them on and they came along and said it wasn't according to the plan, and then we would take it off and make it as they said, and then they would come along and tell us it wasn't right, they was mixed in the plans; it looked to me like.

Mr. McCulloch. They didn't have any plans on the job; did you see any?

Mr. McCorkle. I didn't on my part. The foreman would come along and tell us how he wanted it done.

Mr. McCulloch. Your foreman or the block foreman?

Mr. McCorkle. The block foreman and our foreman (p. 1700). We just knocked them off with our hatchets, and threw them away. When we got through it looked the same to me. That is what got me disgusted. The 17 or 18 buildings that we tore down, we just took 2 by 4 and knocked them down (p. 1701).

Mr. McCulloch. Will you tell us about the instance when you loafed for a week waiting for your pay?

Mr. McCorkle. Yes, sir.

Mr. McCulloch. Tell us about it.

Mr. McCorkle. They discharged the foreman or put him to doing carpenter work, and when I went there for my pay there was no pay for me. So I went to the foreman and he gave my time in again for me. So I waited until I got tired waiting, so I goes to the officer of the Army that had charge of that and he told me to wait, and I told him I would rather work than stand in line waiting.

Mr. McCulloch. How many men were there in line?

Mr. McCorkle. Oh, a great line.

Mr. McCulloch. Give us some idea.

Mr. McCorkle. A full gang.

Mr. McCulloch. Was there a hundred?

Mr. McCorkle. May be more and may be less.

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Mr. McCorkle. Maybe I waited a whole day, and then after I waited a whole day there was nothing for me and he said, "You have to go again."

Mr. McCulloch. Would the foreman tell you to go again?

Mr. McCorkle. Yes, sir; because you had to have your money. But I was tired waiting. So I went to the officer and he gave me this order and said, "You take this here." I went away and went back to the window, and the fellow said, "We told you two or three times there isn't anything here for you," and I showed him this order, and he said to wait a minute, and then he went out and said they would make it all right; and then he went out and took me to this police house and they gave me a check.

Mr. McCulloch. How long were you there at that?

Mr. McCorkle. About a week.

Mr. McCulloch. And you went there every day and checked in, and was sent over there by your foreman (pp. 1701–1702)?

I told my foreman I was tired standing around there, and would rather work. He said, "You have got to get your money." I was on the pay roll all that time (p. 1702).

The waste was of everything, all kinds of building material (p. 1702).

Think I was ordered to get in the clear as many as a dozen times (p. 1704).

Some foremen we worked under we worked pretty fair. Sometimes we did a lot of things, and then, I guess, sometimes we didn't make the company a cent a week (p. 1705).

Taylor Thornberg, Chillicothe, Ohio (pp. 1705–1712):

Worked at Camp Sherman under Bentley from June, 1917, six or seven months. Common laborer; digging ditches. When we first

started they worked pretty well until too many came, but the longer they came the worse they got. Sometimes the foreman would tell you, "Well, don't work too hard. Take a sneak out into the cornfield." Bentley's foreman said that. Most all of them did. One time in the cornfield a week or 10 days. Reported every day. Shoemaker was that foreman (p. 1706). Foreman took our time and turned it in. Timekeeper just would come around and ask him how many men he had, and he would tell him (p. 1707). Eighteen or twenty of us did nothing at all. Other instances, he would say, "Don't work too hard. Get back some place where they can't see you." By "they" I suppose they wanted us to get out of sight of the Government fellows. I don't know whether they had work or not. There was work all over the camp. There would not be much where we were, but other places there might be plenty, if they had taken us there. This prevailed all the time. Right at the start they worked us pretty well (p. 1707).

Mr. McCulloch. Do you remember the occasion when you received double pay?

Mr. Thornberg. Yes, sir.

Mr. McCulloch. Will you tell us about that?

Mr. Thornberg. Well, I was working under Bentley's foreman and the Y. M. C. A. man came and wanted to know if he could give him five or six men, and he told him he guessed he could. He said, "I have about 40, or maybe 50, I don't know, here; and I can let you have, I guess, 5 or 6, or a dozen of them, maybe, if you want them." "Well," he says, "I don't want but six," and I was standing right by when he asked him, and he asked me if I would go and I told him it didn't make any difference to me; I would go anywheres and do anything he wanted me to. Well, he took me and five others and went to working for them and all the rest quit; they quit at noon and went back to their foreman—the old foreman, Shoemaker—and I stayed on, and on Saturday, pay day, I got my time slip, the whole time, and they had carried me right through while I was working for the Y. M. C. A. people, and they both paid me. Bentley's man paid me and so did the other people pay me (p. 1708).

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I used to work. This was not working (p. 1709).

The foreman knew I was not there the week I got pay from the Government and from the Y. M. C. A. I didn't see the Government timekeeper when I was working on the Y. M. C. A., but nevertheless my time was turned in in both places. The man who sent me to the Y. M. C. A. turned in my time, and knew that I was working there, and he was my boss. I was not expected to know anything about my time until I got my slips with my time on (pp. 1710–1711).

Mr. Doremus. Then, the only reason you kept this money you had not earned was that you were afraid to say anything about it?

Mr. Thornberg. They didn't allow you to; when you went to get your money, "you go on by."

Mr. Doremus. Now, I want to ask you, witness, who ever told you while you were on this job that if you got money that did not belong to you not to say anything about it?

Mr. Thornberg. No, sir; they didn't tell you that. They didn't tell me that. But if you stopped a minute to ask one of them a question, "you move on." There was a soldier there.

Mr. DOREMUS. I don't care to pursue it any further.

Mr. MCCULLOCH. One more question: Mr. Thornberg, you did not collect the money; it was paid to you, wasn't it?

Mr. THORNBERG. No; it was paid to me in the envelope (p. 1712).

R. D. FERGUSON, Chillicothe, Ohio (pp. 1723–1728):

Employed at Camp Sherman under Bentley Construction Co. as carpenter from July to October 1. My foreman was Gearhart; next one Synder, and next one Clause. Sullivan was superintendent. Snyder was under Sullivan.

I was told to get in the clear.

Mr. FERGUSON. Well, we didn't have anything to do only a little bit of work on the garret, and they had a little screening to do over the window; it would take two men, I except, a couple of hours to put it in. Well, we would ge up in there, a bunch of us would go up there on a ladder and somebody would come and take the ladder away, and we stayed up there until it was time to leave.

Mr. MCCULLOCH. How many men would be up there?

Mr. FERGUSON. Ten men—oh, anywhere around—we had as high as half a dozen different buildings we were working on, and a number of them would go in the one garret and a number in another.

Mr. MCCULLOCH. You had 25 men in your gang at that time?

Mr. FERGUSON. About 25.

Mr. MCCULLOCH. And you would divide up and go into the attics?

Mr. FERGUSON. Yes, sir.

Mr. MCCULLOCH. What were you doing in the attics?

Mr. FERGUSON. Nailing up.

Mr. MCCULLOCH. Were you told to do that by your foreman?

Mr. FERGUSON. Yes, sir.

Mr. MCCULLOCH. By your foreman?

Mr. FERGUSON. He told me he didn't have anything else to do, and if we wanted to stay on the job we would have to do that.

Mr. MCCULLOCH. Just what were you doing there?

Mr. FERGUSON. Killing time.

Mr. MCCULLOCH. And that was four or five days?

Mr. FERGUSON. Four or five days.

Mr. MCCULLOCH. How long did that last?

Mr. FERGUSON. That lasted for five days at that particular place.

Mr. MCCULLOCH. Did it happen at any other place?

Mr. FERGUSON. Yes; when we were working in sections A and B we didn't have anything to do and he told us to scatter out, and we did; we took walks to the rest of the camp, and some of us would go to the river and stay over there a while.

Mr. MCCULLOCH. Did Snyder say anything to you about that being the orders from some of them?

Mr. FERGUSON. Well, no; I don't know as he said it was orders. He said that they told him that that was all we had to do; if we wanted to stay on this job, we would have to—I don't know that he told us that. I don't know what Sullivan told him (pp. 1724–1725).

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Mr. FERGUSON. We would finish up a building and maybe we didn't have anything to do. I saw men working right here in sections A and B under Kelly then, and they didn't have anything

to do, and we went around and chiseled pieces out of the floor and put them back in again.

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Mr. FERGUSON. Our boss told us that we were not supposed to be idle, and if the Government men saw us they might turn us in. And also we were instructed that if we walked off any place to conceal our numbers; that is something we always did. We pinned our numbers on the inside of our nail pockets where it couldn't be seen (p. 1735).

We were directed to do that by our foreman representing the contractor. Sometimes we had as high as 50 men in our gang. Twenty-five would have done the work in the same length of time; simply because numbers of them were not working. They were not always in the road, because they were not always there.

I knew one man that claimed that he was beat out of 30 cents on his pay check that spent three days down at the pay office trying to get that 30 cents.

Mr. MCCULLOCH. Was he on the pay roll all the time that he was down there?

Mr. FERGUSON. Yes, sir; he came in and reported and checked in and would say: "I didn't get my shortage," and then go down and stand in line until noon and may be about up to the window and then the line would break up, and he would go down after dinner, and when he went down after dinner there would be a hundred men there again (p. 1726).

I knew a man that was getting carpenter's wages carrying water; Snyder; for a week; an old man (p. 1727).

The plumbers killed more time.

Mr. FERGUSON. I have seen them spend a half day building a sunshade over a place where they would have to fix a joint where it wouldn't take them a half hour to put it in—two of them. It would be in an open place where they would have to make a connection.

Mr. MCCULLOCH. You saw that?

Mr. FERGUSON. Yes, sir; working on a building right alongside of them. They would carry the lumber and material and drive stakes into the ground and spend more time building the sunshade than was necessary to do the work (p. 1727).

Took half a day to put up a sunshade, and it would take half an hour to wipe the joints. They figured a day to get the shade up and make the joint (p. 1727).

Mr. FERGUSON. Well, I know there was lots of material wasted. We had one man in particular whenever he went to put on up and down siding on these hospitals he would cut a measuring stick—I saw that done quite often on him—and somebody would come along while he was getting his lumber and saw 10 or 12 inches off of his lath; and he would saw 10 or 12 boards before he commenced to put any up, and then he would put them up and they were that much short, and so those are all to go over again; he would throw those away and commerce over again. I saw that quite often with him (p. 1727).

These conditions were within the knowledge of the foreman, surely (p. 1728).

W. L. BLACK, Chillicothe, Ohio (pp. 1728–1730):

Am secretary and treasurer of the local plumbers' union at Chillicothe. Worked as a plumber at Camp Sherman three or four weeks.

Mr. BLACK. The only thing I could say to that effect is this: We started on this camp and worked in sections through this camp, and then on each house are 12 men, and on each house 6 men could have done the work, but at the same time the men were getting along so that they put in their time; they were put in the gang and they didn't know what to do; they couldn't work, there was too many coming in. As soon as we got other places they took them to other places. We were handicapped. I know we got a bad reputation because we didn't work, but you couldn't help it; we couldn't work.

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Mr. BLACK. I talked to the foremen, and they said they had to place the men where they could get the work done.

Mr. MCCULLOCH. Why did you quit?

Mr. BLACK. Because I couldn't work at the camp; I wasn't used to getting money that way. So I went down the street and got a job from the Gardien Plumbing Co. I will verify that. It is harder to loaf than to work for me (p. 1729).

I had to go with them when they struck.

Mr. BLACK. I thought they were entitled to better working conditions going back and forth to the camp, but I didn't think they were entitled to more money. I don't think it was money; it was more the way they got to and from the camp on the trucks. You see a man got here and worked all day, and it was late in the evening and early in the morning (p. 1730).

ALFRED BENNETT, Gillespieville, Ohio (pp. 1730–1737):

Employed at Camp Sherman hauling gravel, scraping, and teaming, from August, 1917, until Bentley's contract closed, and from April 18 worked for McGrath; about the same work. I was about the camp at the commencement of it. Had instructions to slow down.

Mr. BENNETT. Well, I wasn't used to working quite so slow as they started in—as I started in here—and some of the fellows that was working first called me down and told me not to go too fast. I drove around some of the teams, and they called me down.

Mr. MCCULLOCH. Who called you down?

Mr. BENNETT. That was some of the teamsters that done that.

Mr. MCCULLOCH. Yes. When, if at all, did you have a talk with any foreman about that—a representative of Bentley?

Mr. BENNETT. Well, Mr. Perry told all of us—we were hauling gravel up Cincinnati Avenue, hauling from the river pit, which we were making four loads a day, and some of them would get in a little early in the evening with their load, and he told them to kill time back next to the river—told me. He says, "If you get in here too early and drive your horses too fast they will put five loads on you, and if you get to hauling five they will put six on you."

Mr. MCCULLOCH. Who do you mean would put six on you?

Mr. BENNETT. Why, these leather-boot men, I suppose; the head men that were looking over it.

Mr. McCulloch. Frank Perry was your boss?

Mr. Bennett. Yes, sir (pp. 1730–1731).

Perry had 40 to 70 teams under him (p. 1731).

There was much waste of lumber and nails. Much lumber burned. There were three places where they were burning lumber. I would not consider lumber 8 to 10 feet long as scrap lumber. It was good material; also pieces of scantling (p. 1733).

Mr. Bennett. Lumber be unloaded out of a truck and be scattered out and another truck come along in back of it and run over it trying to get in to dump another load. Teams would come with a load of lumber and sling it off the wagon and drive out and be some lumber under the wagon and run over it and split boards. Another team run over a pile of lumber to get another place——

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Mr. Bennett. Well, when we were hauling gravel from the river there were a great many men there to shovel, and they would load the teams up and be probably two hours before there were any teams back to load again. Those colored fellows are great men to shoot crap; they would get their loads on and get out to shoot crap. I would hear them talking to one another about how one beat the other, and so on (p. 1734).

There would be days when there would not be so many teams, and other days when there would be a good many waiting for a chance to be loaded. One-third more teams than were necessary; were not worked a great deal of the time (p. 1735).

Bill Swisher was a pretty nice foreman; conscientious about it; saw that the men were on the job (p. 1736).

George A. Sherman, Chillocothe, Ohio (pp. 1738–1740):

Worked at Camp Sherman under Bentley as a carpenter. Guess 10 of my gang out of 20 or 30 were carpenters. Serviss from Michigan was one foreman. Reichle was the last foreman. Too many men on the job; about half. In your road; delayed the work right smart. All knew it. Foremen did (p. 1739).

Mr. Sherman. There was two men working on setting windows or putting in windows and, well, I think they was two days putting in about three windows, the two men, and of course they fired them.

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Mr. Sherman. The last day or so of finishing up the camp they fired a fellow from Chicago.

Mr. McCulloch. On account of what?

Mr. Sherman. Just neglect, or not wanting to work, or not working when they ought to have been working. Of course, the gang—didn't have very many gangs on at the time any more, and he told him he didn't care whether he worked or not, wasn't going to work, and they gave him his discharge.

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Mr. Sherman. There was one fellow they called Big Bill; I don't think he drove over three nails a day.

Mr. McCulloch. Well, did he get fired?

Mr. Sherman. No (p. 1740).

Some worked on the job; others didn't care whether they worked or not. Half the men could have done all that they did. The worst was the plumbers (p. 1741).

Two of the foremen I worked under were very industrious for the Government. The other one I didn't think much of. Serviss and Reichle were two nice men.

Not half of the men hired were carpenters (p. 1742).

Mr. McCULLOCH. What was the waste in building material?

Mr. SHERMAN. Well, I have saw them dump a loaded truck, loaded truck of lumber, into a mudhole and other trucks run right over it, to fill the mudhole to get over it.

Mr. McCULLOCH. With good lumber?

Mr. SHERMAN. With good lumber (p. 1472).

Seen them cut off one long piece of lumber and throw the big end away (p. 1743).

JOHN WALKER, Chillicothe, Ohio (pp. 1746-1750):

Boilermaker by trade. Worked under Bentley at Camp Sherman from about the 1st of September, 1917, as carpenter. Never had experience at that. Was not able to do a day's work as a carpenter. I was in a gang of about 60, and we done practically nothing during the 26 days that I was there as carpenter. Go on the job, and stall around (p. 1746). Foreman just told us to stick around on the job, that they were making a holler about the fellows leaving the job. I suppose he meant the Government officials (p. 1747).

Mr. McCULLOCH. Did the foreman know you were not doing the work?

Mr. WALKER. He had eyes the same as I have.

Mr. McCULLOCH. He did know it, didn't he; or did he?

Mr. WALKER. He surely did.

Mr. McCULLOCH. And what tools did you have?

Mr. WALKER. Try-square, 4-foot rule, and a lead pencil.

Mr. McCULLOCH. What could you do with those; much?

Mr. WALKER. Not much of anything.

Mr. McCULLOCH. And you didn't do anything, did you?

Mr. WALKER. Drove a few nails and sawed a board in two once in awhile with tools that I borrowed.

Mr. McCULLOCH. What were the other fellows with you doing?

Mr. WALKER. About the same as I were.

Mr. McKENZIE. Did you make a tool box to carry your tools in?

Mr. WALKER. No; I didn't need it. Put them in my pocket.

Mr. McCULLOCH. Were there others there that had less tools than you had (p. 1747)?

Mr. WALKER. Dave Boyer was the foreman. There was a week I didn't see anything of him. The saw filer checked us. Acted as foreman while Boyer was gone (p. 1748).

On night work we were there three or four hours, and got pay for the double time.

Mr. McCULLOCH. Your complaint about that is that these men only worked 3 or 4 hours, but got paid for 11 hours—is that right—at night?

Mr. WALKER. They did at night.

Mr. McCulloch. Did they get double time?

Mr. Walker. Yes, sir. When I was on the carpenter gang we laid in barracks buildings back of general headquarters for three days, and during the three days they built one of these bathhouses, probably 12 by 14, 14 by 18 feet, or something like that.

Mr. McCulloch. Your entire gang?

Mr. Walker. Sixty men.

Mr. McCulloch. Was the foreman there?

Mr. Walker. He was.

Mr. McCulloch. And he knew that you were not doing anything?

Mr. Walker. He did.

Mr. McCulloch. What, if anything, did he say to you about keeping in the clear?

Mr. Walker. Well, about half the gang was living in the upstairs in the barracks back of general headquarters, and he come up where we were at checking time to check the men up, and he says, "I have found you." He says, "To-morrow you fellows have got to work and let the rest of the gang loaf." He says, "Stay away from the windows, so they won't see you over at general headquarters."

Mr. McCulloch. He was Bentley's foreman?

Mr. Walker. He was.

Mr. McKenzie. Did you take turns after that?

Mr. Walker. We did for three days (p. 1749).

W. K. Hatfield, Camp Sherman, Ohio (pp. 1750-1757):

Farmer. Employed at Camp Sherman as teamster with my team; probably six or seven weeks, the first time, and then came back in the fall under Bentley. Drew $8.25 a day. We tried to do a day's work.

Mr. Hatfield. Well, it appeared like the bosses would ship us around from one place to another; we was on the road, going backward and forward, more than we was doing anything.

Mr. McKenzie. Driving around over the camp ground?

Mr. Hatfield. Yes.

Mr. McKenzie. Well, what was the cause of that, if you know?

Mr. Hatfield. I can't say the cause. They would send us some place, maybe to transfer lumber; we would get there, and it wasn't what they wanted. Told them we was sent up to transfer lumber and they told us there was not anything else to do. Go on back where we come from and get back, and maybe they would send us some place else.

Mr. McKenzie. I want to ask you a straight question. How much of the time that you were employed there did you really work with your team for the Government, and how much of the time were you just idling away, wasting time?

Mr. Hatfield. Well, I would judge along about 20 per cent of the time that I was idling in.

Mr. McKenzie. Was there any scarcity of teams?

Mr. Hatfield. Didn't seem to be.

Mr. McKenzie. Were there more teams than were necessary?

Mr. Hatfield. Well, they was awful plenty (p. 1751).

My estimate is that 25 per cent of the teams were idle (p. 1751).

Lyons was foreman, who had charge of loading the lumber job. Said to me one day, "If you would show me a piece of money, we might give you the best of it." I just walked off, and let him be. From that time on it seemed that I got the worst end of it; held back the worst jobs for me (p. 1752).

Mr. HATFIELD. There was one team was on two days and the other three. I drawed pay for six days for one team and seven for the other. I said to the timekeeper, "My teams wasn't on that long." And he says, "Yes, they was; just take it along;" shoved his card out and I signed it and put it in my pocket.

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Mr. HATFIELD. I said to Mr. Green, he called one team out, and there was six days on it, and I said to Mr. Green, "That team wasn't on," and he says, "Yes, it was," he says, "take it along." And when they called the other one he gave me seven days on that. I can't account for that (p. 1753).

I think that I received time two or three times that I was not on the job (p. 1754).

Mr. MCCULLOCH. Did you ever know of teamsters coming into camp in the morning with the running gears of the wagon and took a platform of lumber away with them in the evening; did you know of them taking lumber away?

Mr. HATFIELD. Why, I have seen them go away there with lumber on their wagons when they were hauling the sewer gang.

Mr. MCCULLOCH. Did you know where they took the lumber?

Mr. HATFIELD. Why, I suppose they took it home for all I know. They would come in the next morning and have to have a bottom for their wagon.

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Mr. HATFIELD. Why, I saw teams go out of there with 3-inch lumber on, 12 and 14 feet long, we had for a bottom to haul this big sewer, and they would come back the next morning without anything on their wagon at all.

Mr. MCCULLOCH. You say the foreman saw them take the lumber away, do you?

Mr. HATFIELD. Well, I don't see how he could help it (p. 1755).

The timekeeper to whom I protested about taking this money was Lou Green (p. 1757).

W. H. MURPHY, Chillicothe, Ohio (pp. 1758-1761):

Worked under McGrath at Camp Sherman. Drove team for W. A. Fisher (p. 1758).

Mr. MCCULLOCH. I will read you this statement, memoranda before me:

While I was working there under McGrath on most of the jobs that I saw teams working one team could have easily done as much as any 10 I saw there, just the result of employing several times the number of teams needed to do the work.

Mr. MURPHY. Yes, sir.

Mr. MCCULLOCH. Is that a correct statement?

Mr. MURPHY. Yes. sir: that is correct; yes, sir (p. 1760).

CHAS. AULT:

Worked as teamster both under Bentley and McGrath at Camp Sherman. Think half of teams were idle. I went about as slow as I could to keep in line with the rest of them. I think the teams were paid for one-half or two-thirds more than they did, with the result that they stopped and hauled about one-third loads. A good deal of waste time was put in sitting around waiting for them to tell you what to do. When you had a load, may be you would sit around an hour before they would tell you where to unload it; may be more than that. Made one load a day from Chillicothe to camp (p. 1762).

Mr. McCULLOCH. Did you have a talk with the foreman about keeping clear of the Army fellows?

Mr. AULT. No. I have heard them talk it, but they never said anything to me about it.

Mr. McCULLOCH. Are you the fellow that hauled the keg of nails around over the camp all day?

Mr. AULT. Yes, sir.

Mr. McCULLOCH. Tell us about that.

Mr. AULT. Well, they sent me one place with it and I took it, and they didn't want it and I went back and they sent me some place else.

Mr. McCULLOCH. Kept that one keg of nails on your wagon all day?

Mr. AULT. Most all day.

Mr. McCULLOCH. Is that all you got accomplished that day?

Mr. AULT. That is all I got.

Mr. McCULLOCH. Did you get paid for it?

Mr. AULT. Yes, sir.

Mr. McCULLOCH. How much?

Mr. AULT. Eight dollars and a quarter.

Mr. McCULLOCH. What was the keg worth?

Mr. MOHLER. Three ninety or four dollars (p. 1763).

Think they worked right smart harder under McGrath than under Bentley, and I think half of teams could have done all that we did on the McGrath contract (p. 1763).

Mr. McCULLOCH. Have you gone to the lumber yard at any time for lumber and had to wait all day in order to get into the yard?

Mr. AULT. Yes, sir.

Mr. McCULLOCH. And then not get in and wait till the next day at noon before you got in?

Mr. AULT. Yes, sir.

Mr. McCULLOCH. Did that happen frequently?

Mr. AULT. No; just a few days in the start, before they got lumber shipped up here.

This idleness, in the proportion I have stated (p. 1764).

JOHN H. BARNES, Chillicothe, Ohio:

Worked as a carpenter under Bentley and McGrath. Under Bentley from June to October. Have been a carpenter for 40 years. Had about 15 men in the gang at the beginning, later 25 to 35. I would judge not more than 50 per cent were carpenters. There were too many men on the job to get the work out.

Mr. BARNES. I believe that half the men—that is, I mean if they were workmen, carpenters—could have accomplished and built this cantonment in the length of time that all the men did that was employed in the contract. I think half the men could have—carpenters, workmen—could have accomplished the building of the cantonment in the length of time that——

Mr. McCULLOCH. Did you notice any idleness among the men?

Mr. BARNES. Well, now, when I first commenced to work at the camp I commenced on the barracks. John Reichle was my foreman. I worked with John Reichle up to the 5th—along about the 5th of September, I believe, or maybe it was a little earlier than that, up in section 2, and then we were transferred from there, or he was taken from us and made superintendent of the various foremen, and put another foreman over us. Well, I hadn't never in all that time, I hadn't noticed so very much waste, because we had a gang of our own there that we brought from town that we worked together down there, when we came away and we all worked together, and I hadn't noticed much waste nor much loafing until I got in this other bunch (pp. 1766–1767).

Under the new foreman. He was there, but didn't know much of anything. He only stayed three or four days after we were transferred into that gang. This was the same foreman that Mr. James mentioned this morning. I had only this conversation with him: I told him this, that if I don't know any more about the business than he did I would hate to come from Portsmouth up here to rob the Government. Now, that is all the conversation that I and he ever had between us.

Mr. McCULLOCH. He didn't say anything in answer to that?

Mr. BARNES. No.

Mr. McCULLOCH. But he was put over you by the Bentley Construction Co.; he was your boss?

Mr. BARNES. He was my boss.

Mr. McCULLOCH. And under him there was idling?

Mr. BARNES. Yes, sir.

Mr. McCULLOCH. And waste of time to the amount of 50 per cent you say?

Mr. BARNES. Fifty per cent at least (p. 1767).

Mr. BARNES. Well, there were an awful waste of material in different ways, tearing down, building up and tearing down, throwing away; running over it with trucks and sawing off a board to get a small piece off and throwing the rest away. It was a waste on every hand.

Mr. McCULLOCH. In your 40 years' experience as a carpenter did you ever see anything like it?

Mr. BARNES. Nothing. Oh, I should say not. We had a barracks up here that the window at the head of the stair landing was 4 inches out of the way. All along the barracks of the second floor we had our windows all in. The scratch boss came along and detected the 4 inches of the window at the head, and I was working away then and the first thing I knowed I heard an awful noise and looked down the line and the fellows with their sledge hammers and scantling knocking the siding off all down between those windows. I says "what is the matter?" He says "this window will

have to be moved." "Well," I says, "you don't have to move the whole barracks to move that one window, do you?" But they knocked the whole siding——

Mr. McCulloch. What did they say?

Mr. Barnes. He said the scratch boss told them to do it. And it was 60—the barracks was about 120 feet long, I think, and the stairway came up about the center, so you see all those windows from there up to here—to the stairway—were sided up and finished, and they were all knocked out clear up to this window in order to get that window over 4 inches, when we could have set it over 4 inches there by cutting out—in an hour we could have fixed it where it took all these men 3 or 4 days to knock that siding off and put it back.

* * * * * * *

Mr. McCulloch. You look to me like a very substantial citizen. Now, I would like to ask you from your experience as a carpenter and as a practical man whether or not, in your judgment, there was a systematic effort made to increase the cost of this camp?

Mr. Barnes. It looked very much to me like it—like it was arranged in that way. Now, for instance, we take the pay system we had, it was very poor. The boys would go for their checks down here and they didn't get them; well, then, they would come back to the job and the foreman would order them back to get their money on the next day. On Sunday down there there was a line half a mile long of men drawing their $12 for Sunday——

Mr. McCulloch. Double time (p. 1679)?

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Mr. Barnes. I told you before, after we go from under Riechle and go with this other foreman they were idling away their time. They were going over to the corn field up here and hiding in the corn, etc., and you could see them most anywhere you went, see a crap game going on out there. But that didn't exist down there under Mr. Riechle nor Mr. Gunther. I can say that for those fellows.

Mr. McCulloch. But it did exist under the other foremen?

Mr. Barnes. Yes, sir.

Mr. McCulloch. And did it continue for a considerable length of time?

Mr. Barnes. Well, until I got through with Mr. Bentley (p. 1769). I hardly believe that the waste of material for McGrath was as much in per cent as under Bentley. Yes, it was considerable. I should judge it was 15 or 20 per cent more than it should have been. I told some of the fellows that were working there that they were disloyal.

Mr. McCulloch. You thought it amounted to disloyalty?

Mr. Barnes. Amounted to disloyalty; that is what I thought it did because just at that time we were in a war, and we were rushed to get this place fixed up in order to drill them to send them over; and to see that state of affairs existing, it didn't seem anything else to me but disloyal.

Mr. McCulloch. You had a son in the Army?

Mr. Barnes. I had two in France. One got home last Sunday week; served two years in France. I felt interested in doing what

I could do, and I have done what I could do all the way through the war.

Mr. McCulloch. And this procedure that went on here, in your judgment, amounted to disloyalty upon the part of whom now, the men or the contractor, or the system, or what?

Mr. Barnes. Well, whether we could blame it on the Government or whether we could blame it on the fellows who are under the Governemnt, that is authorized by the Government to do these things, but there was a mistake made when they gave it over to Bentley for a per cent.

Mr. McCulloch. You think that was the cause of it?

Mr. Barnes. Well, in a great measure that was the cause of a good deal of this recklessness because the bars were laid down there to do anything you wanted to. If you get 10 per cent of what you can spend you don't care how much you spend. The more you spend the more you get.

Mr. McCulloch. And you think that destroys the morale of the men?

Mr. Barnes. I think so. Then the slogan was get it while the getting was good; everything fell to it.

Mr. McCulloch. And if they delayed that meant that they didn't get the barracks ready for the soldiers in time; is that it?

Mr. Barnes. That is it. And that is why we were called back here so many times on Sunday to hurry up a particular barracks the boys (p. 1770).

Joseph E. Poole, Chillicothe, Ohio (pp. 1771–1785).

(The witness was sworn by Mr. McKenzie.)

Mr. McCulloch. Give your full name to the stenographer.

Mr. Poole. Joseph E. Poole.

Mr. McCulloch. You live at 245 East Port Street, Chillicothe, Ohio?

Mr. Poole. Yes, sir.

Mr. McCulloch. Did you work for Mr. Bentley on the Camp Sherman job?

Mr. Poole. Yes, sir.

Mr. McCulloch. Or the Bentley Construction Co.? What did you work at?

Mr. Poole. I commenced to work—went to work with my tools on the 17th of July.

Mr. McCulloch. As what?

Mr. Poole. As a carpenter, and worked until the 15th of September and was made a foreman over in the hospital group.

Mr. McCulloch. Carpenter foreman?

Mr. Poole. Carpenter foreman. Prior to that, worked here in the section in the barracks.

Mr. McCulloch. Now, what did you observe in regard to the idleness of workmen upon the job?

Mr. Poole. Well, there was a great deal more people idling than there was working. It was bad enough among the carpenters, but the plumbers and steam fitters, more especially the steam fitters, were the worst I ever seen.

Mr. McCulloch. Give us some idea now about the proporition of idle men to those who worked.

Mr. Poole. Well, take the carpenter gang; they run from 26 to 30 men to the gang; and take them as gangs, there was about 4 industrious men in that gang.

Mr. McCulloch. What were the rest of them doing?

Mr. Poole. They were running around, sending them after something, and we had a great deal of stuff to carry over to the hospital group. After you got the corridors built there, you couldn't haul, you see. Send them after a 2 by 6 or something, and maybe they would be gone half a day; maybe they have 200 yards to carry it; crawl under the corridor with it; that was the hardest part of it.

Mr. McCulloch. In your opinion, how many men could have accomplished the work that was accomplished in the gang you have mentioned?

Mr. Poole. Well, if you could take—if you had been allowed to weed out, fired the incompetents and take the gang I had, 26—supposed to have 26 carpenters, or 24 carpenters and two laborers, and the water boy, but after school commenced the water boys all went to school, then we delegated a carpenter as water boy (p. 1771).

Mr. McCulloch. Paying him his carpenter's wages?

Mr. Poole. Yes; and they had to carry water from the fork of the road here where the Frankfort and Egypt road forks. That was the only well we had in the base hospital. In hot weather we sent a man to the well, he said he had to wait his turn at the well. Might have had to and and might not, might have been shooting crap, but I have sent four men after the water man before I got water.

Mr. McCulloch. Four carpenters?

Mr. Poole. Yes.

Mr. McCulloch. Tell us what proportion could have done the work the 26 did and done it efficiently.

Mr. Poole. I could have taken eight men of the gang I had over there—the percentage of mechanics was the greatest of any gang I bumped up against out there; but I could have taken eight men out of my gang and accomplished twice as much as I did with all of them.

Mr. McCulloch. Did you ever talk to anybody about that situation?

Mr. Poole. Talked to the scratch boss and talked to the block boss.

Mr. McCulloch. What did they say to you?

Mr. Poole. I just begged them to let me "can" eight of them. They wouldn't let me can them, and they wouldn't can them.

Mr. McCulloch. What did they say to you about that?

Mr. Poole. To give them something; let them clean up around if there is nothing else they can do.

Mr. McCulloch. What was the reason for that? Have you any idea?

Mr. Poole. Well, I have an idea; that every one of those men meant 66 cents for Bentley.

Mr. McCulloch. Was that your opinion at the time?

Mr. Poole. That was my honest opinion. I don't know what—now I am a contractor by profession. I know if I had a contract work, they wouldn't stay on the job a minute. I couldn't use them at all.

Mr. McCulloch. And yet they were kept on?

Mr. Poole. They were kept on the job.

Mr. McCulloch. And they were kept on there over and against your protest?

Mr. Poole. They had no tools. Many of them hadn't even a pencil or a rule. Take a group of men around a building putting on siding, for instance; when I work I usually take out of my box the tools I am actually using—saw and hammer and square and plane; lay my tools down while I saw a board and go to nail my board up look around and maybe one of those fellows have my hammer on the other side of the building. I would spend more time gathering up my tools. It demoralized the forces; the mechanics didn't get the work accomplished that they would have done.

Mr. McCulloch. Now, there can be no doubt from your statement that the agents of Bentley knew all about that?

Mr. Poole. They did know it.

Mr. McCulloch. Because you called it to their attention; is that it (p. 1772)?

Mr. Poole. They did know it. The timekeeper says to me—there was a man by the name of Brown worked for me from Kentucky; he was always pacing up and down; I never seen him working; and the timekeeper says to me, "What does that fellow do?" And I said, "Just as you see him now." He says, "The next time I meet that gentleman in the corridor I will ball him out."

Mr. McCulloch. Was that the Government timekeeper?

Mr. Poole. No; Bentley. And he started off from me and met him just around in the angle of the corridor and he commenced balling him out, and he said, "You go to hell; fire me."

Mr. McCulloch. Well, did he?

Mr. Poole. They knew they couldn't be fired; they knew they wasn't to be fired. They had no respect for their foremen, even.

Mr. McCulloch. Now, why would they have no respect for their foremen?

Mr. Poole. Because they knew the foremen couldn't fire them.

Mr. McCulloch. How did they know that?

Mr. Poole. It got noised around.

Mr. McCulloch. Was it generally known among the men there was to be no men let out?

Mr. Poole. I tried to discipline my men, the unruly ones, and they said, "You can't fire me."

Mr. McCulloch. Well, could you?

Mr. Poole. No.

Mr. McCulloch. Why couldn't you?

Mr. McKenzie. Did you try it?

Mr. Poole. Because I was instructed not to fire anybody.

Mr. McCulloch. By whom?

Mr. Poole. By the Bentley timekeeper, and by the scratch boss and by the block boss. The block boss was Sullivan and the scratch boss was Gerber.

Mr. McCulloch. The representatives of the Bentley Co. told you not to fire anybody?

Mr. Poole. Not to fire them; if they ain't any account get them to cleaning up or carrying.

Mr. McCulloch. But they were hired as carpenters?

Mr. Poole. They were hired as carpenters.

Mr. McCulloch. And they were on the rolls as carpenters?

Mr. Poole. They were on the rolls as carpenters. When the gangs were first organized, the laborers seen fellows working at the carpenter work that they concluded wasn't any better than they was; and the laborers would quit and go over to the block boss and rehire and get in another gang; maybe the gang next to the gang, and be working as carpenters over there. The result of it was we had no laborers directly, all carpenters.

Mr. McCulloch. All drew carpenters' pay, which was how much?

Mr. Poole. $6.60.

Mr. McCulloch. And the laborers got how much?

Mr. Poole. Forty.

Mr. McCulloch. Did you know Vandemarck?

Mr. Poole. Yes, sir; I worked under Vandemarck when I first came out here.

Mr. McCulloch. He was your foreman?

Mr. Poole. Worked in his section. He was a block boss. My foreman was Nagle.

Mr. McCulloch. What about games of chance (p. 1773)?

Mr. Poole. Well, that was a graft by somebody; I don't know who; but it was worked under Vandemarck.

Mr. McCulloch. How was it marked?

Mr. Poole. The books of tickets were handed out to the foreman usually; the men were never approached, but the foremen were given these books of tickets—numbers—and the result of it was he would sell to all his men chances on automobiles, wrist watches, silver chests, and take up collections for employees that got hurt out here. There was always something—two or three days every week was getting up something.

Mr. McCulloch. How much did you get into the raffle game?

Mr. Poole. I don't know. If I had known, I would have gotten in so much—I would have kept tab on it—but I would guess it at a hundred dollars.

Mr. McCulloch. Were you pressed to do those things or were you left to your own notions about it?

Mr. Poole. Well, you wasn't pressed very much; but everybody took it for granted they had to dig.

Mr. McCulloch. To hold their jobs?

Mr. Poole. To keep square with the boss.

Mr. McCulloch. To be square with the boss?

Mr. Poole. That is the impression that got around.

Mr. McCulloch. What do you mean by being square with him?

Mr. Poole. Don't turn the boss down.

Mr. McCulloch. Now, you were finally assigned as a foreman, as I understand it, in the hospital division?

Mr. Poole. Yes.

Mr. McCulloch. What do you call it—hospital group?

Mr. Poole. Base hospital.

Mr. McCulloch. When did you go there—what time of the year?

Mr. Poole. Well, about the 12th of September. I was off there three or four days, and they gave me a gang, and I——

Mr. McCulloch. That was in September. How long did you stay there then?

Mr. Poole. Till the 28th of December. I was the last gang there.

Mr. McCulloch. During the time you went there was the steam fitting for the hospital completed?

Mr. Poole. No.

Mr. McCulloch. When was it finally completed?

Mr. Poole. Well, they commenced getting steam around some time in October—that is, part way. As fast as they got a boiler up they run temporary lines. The main steam lines wasn't completed until in November, but they run temporary lines.

Mr. McCulloch. Now, this was in 1917?

Mr. Poole. Seventeen.

Mr. McCulloch. How was the weather from September on until——

Mr. Poole. Well, that winter was a very severe winter here. It set in early. We had zero weather in October, and some days it was down as low as 20 or 28 below zero.

Mr. McCulloch. Were there many soldiers in the hospital (p. 1774)?

Mr. Poole. Let's see. The first troops got here the fore part of September. Yes; they commenced getting in. They had sick soldiers as soon as they began to arrive; not many, but they increased as the draft came in.

Mr. McCulloch. Now, did you observe the men who were doing the steam fitting in the hospital?

Mr. Poole. Yes.

Mr. McCulloch. How they worked?

Mr. Poole. I furnished the men to do the boring and cutting.

Mr. McCulloch. Though these steam fitters were more or less under your observation?

Mr. Poole. Yes.

Mr. McCulloch. Now, I wish you would tell the committee just what the conditions were—how the men worked; what, if any, delay there was in the completion of the steam fitting and the effect of it upon the soldiers.

Mr. Poole. Well, you take those sick wards; if you were ever in any of those buildings, the front of the building as you go in the main entrance, to the right is the diet kitchen, to the left is the medical officer's office, where he keeps his drugs—laboratory I guess they would call it. Back of that was the toilets and shower baths. Those were small offices, those front rooms. In the back of the building was a large—oh, as long as this building is wide and probably 60 feet in width.

Mr. McCulloch. You would say how long is it now? Let us get an idea for the record?

Mr. Poole. About 60 feet.

Mr. McCulloch. All right, go ahead.

Mr. Poole. In that big building was the ward where the cots were, where the sick soldiers were, and they were placed just as close together as the nurses could walk between the beds. And in our work in following the steam fitters we got so far ahead of them cutting these holes—there was a 6-inch line and a 4-inch line and a 2-inch line went into each building; the 2-inch line was the hot

water—we got so far ahead of them, the boys in there sick and no heat, that the medical officers asked us not to bore any more holes unless we would tack boards over them to keep the cold out. They had absolutely no heat in there except what they would get from oil stoves; and I have seen boys suffering in there, and I felt if it was all on my shoulders I would send them steam fitters up against the hill and shoot them; over there shooting craps and cooking hot dogs in those diet kitchens; get a couple of torches and generate heat enough to get comfortable. Heat rye bread and hot dogs when they should be working connecting up those lines, and the boys laying there suffering in the wards.

Mr. McCulloch. And these steam fitters were loafing?

Mr. Poole. Loafing.

Mr. McCulloch. How long did that condition obtain?

Mr. Poole. Four or five weeks. After we got there it was four or five weeks before they actually got the main steam lines connected up.

Mr. McCulloch. What did you do to get them to work, if anything; did you report it to anybody?

Mr. Poole. I reported it to Aarons.

Mr. McCulloch. Who was he (p. 1775)?

Mr. Poole. He was the block boss I was under here. After Sullivan went to Jacksonville I was left in charge over there, but the man over me was Aarons, over on this side. He was building the theater up here, and he didn't have the time to get over there very much, but he came once in a while, and he asked me one time what the steam fitters was doing, and I said, "If you will go down to that row of wards"—the west row at that time; they built more since—I says, "If you will go down there and look in, you will see what they are doing." He says, "Who is their boss?" And I said, "I don't know his name, but his name is Bill"; and I said, "There he is." He came out of the plumbers' quarters. I said, "There he is now." And he says, "Oh, Bill, come over here," he says, "I want to take a walk and go around and look at your men." And he and Bill went down. He told me afterwards, he says, "It was the worst I ever seen."

Mr. McCulloch. Now, what were they doing?

Mr. Poole. Shooting craps back in the big building, and they would freeze out and then come in and eat hot dogs, standing around the gasoline torch.

Mr. McCulloch. You say to this committee that while those soldier boys were sick in those wards suffering from the cold——

Mr. Poole. Actually pinched blue; their lips were blue; their finger nails blue.

Mr. McCulloch. That while they were doing that, these steam fitters who were charged with the responsibility and the work of getting heat to those boys were shooting craps?

Mr. Poole. Shooting craps.

Mr. McCulloch. And gambling?

Mr. Poole. Gambling.

Mr. McCulloch. And idling their time away?

Mr. Poole. Yes, sir.

Mr. McCulloch. While those boys were suffering?

Mr. Poole. That is the most harrowing feature of it. We could overlook the cost and the waste, or I could at least, if we could eliminate the suffering that those boys endured there. The nurses

and the doctors done the best they could for them, under the circumstances. They distributed little oil stoves around, which in zero weather wasn't much.

Mr. McCulloch. How were the doctors going; how were they clad?

Mr. Poole. They had on sheepskin-lined coats and the nurses had furs all muffled up.

Mr. McCulloch. And yet those boys were in there without any heat?

Mr. Poole. Without any heat.

Mr. McCulloch. In rooms where the nurses had to go with their furs on and the doctors with fur-lined overcoats?

Mr. Poole. Yes, sir.

Mr. McCulloch. And during all this time, now, you say that these steam fitters were gambling and idling their time away?

Mr. Poole. Yes; they were. I said to Aarons afterwards—I didn't see him that same day—he came back the next day, I said, "What did they say to you?" He said, "They told me to go to hell."

Mr. McCulloch. Now, those men were working under Bentley, were they (p. 1776)?

Mr. Poole. Well, not directly; they were working under Gibbons, a subcontractor under Bentley.

Mr. McCulloch. I wish now, for the benefit of the record, you would again state just what time of the year it was, so we can get it clear.

Mr. Poole. Well, I won't be positive as to dates, because I didn't keep the dates, but it would take in the last three weeks of October and all of November.

Mr. McCulloch. And that condition obtained during all that time in that place?

Mr. Poole. Yes; and as time progressed they would get a temporary steam line down probably to another row of barracks, they would run steam in this end of the pipe and break icicles off that end; have to thaw the lines out. The water condensed in there and they got no heat down there.

Mr. McCulloch. Now, do you say that this condition was the result of the fact that these steamfitters were idling and were not doing their duty?

Mr. Poole. I know it was. We bored their holes for them, and they had machinists there to cut the pipe and cut the threads on them. All they had to do was actually screw it together.

Mr. McCulloch. And this condition could not but have been within the knowledge of the subcontractor and his agents; is that right?

Mr. Poole. He knew it. They couldn't help but know it.

Mr. McCulloch. And it could not but have been within knowledge of the contractor under whom this subcontractor had the contract, could it?

Mr. Poole. He couldn't possibly have been ignorant of it.

Mr. McCulloch. What about the heating system; do you know about it?

Mr. Poole. Well, I am not up on heating engineering, but I do know there was a great deficiency in that plant out there. The

plant, the power house, is up against the hill and the most of the buildings supplied are lower than the power house and the water condenses in there and——

Mr. McCulloch. Excuse me a moment. Will you start in where you left off now?

Mr. Poole. Why, the heating plant, as I started to say, is built much higher than most of the buildings supplied. The result of it is at the low points they have got to bleed continually; that is where they are taking in at the boilers, cold water, they have got to bleed it out here, and it is a waste of fuel. Had the power plant been built in the low ground that condensed water would have gravitated right back to the boilers and would anyhow have been lukewarm when it got back; on the circulating plan.

Mr. McCulloch. What do you say as to whether or not the excess number of men and the misclassification of the men retarded the completion of the camp, delayed it; do you think it delayed it?

Mr. Poole. Yes; it delayed it, but just what proportion would be hard for me to say.

Mr. McCulloch. What do you say about the deliberate waste of material? Just give us in a word your view of that.

Mr. Poole. Well, there was an awful waste of material; apparently a deliberate waste (p. 1777).

Mr. McCulloch. Give us some idea of just what was wasted, now? Your idea of the lumber and the nails and the hardware and so on; just in your own way state it.

Mr. Poole. Well, I imagine there was anyhow from 20 to 30 per cent total waste.

Mr. McCulloch. Over and above what it should have been?

Mr. Poole. Yes. The hardware, especially the locks, was all waste. The locks furnished for this cantonment was the most gigantic swindle I ever seen.

Mr. McCulloch. In what way?

Mr. Poole. Those locks looked like apparently a lock that sell locally for $1.25, but they absolutely are not worth 2 cents. There isn't a lock in this cantonment, original lock, that is worth 2 cents.

Mr. McCulloch. You put them on and you know something about it.

Mr. Poole. I know something about it.

Mr. McCulloch. You think that was a willful waste of money?

Mr. Poole. Yes.

Mr. McCulloch. The purchasing of those locks?

Mr. Poole. Yes.

Mr. McCulloch. Have you mentioned the nails?

Mr. Poole. Nails; they were just wasted everywhere. Men working used spikes if they wanted to change to eights, what spikes they had in their pockets went right on the ground; they were not carried and dumped back in the spike keg. If they were using eights and changing to spikes, it was the same thing.

Mr. McCulloch. How about the waste of other material?

Mr. Poole. Well, the most, the great waste in any one item, was lumber and roofing. Take the roofing they used here, the directions on each roll expressly say it should be stood on end. It was unloaded off the cars here and corded up like cord wood. In 24 hours you

couldn't unroll a roll of it to save your neck. It runs all together and sticks.

Mr. McCulloch. Go ahead.

Mr. Poole. There was no care taken of the roofing. Perhaps they didn't have ground enough to stack it all on end, I don't know, but it was corded up anyhow.

Mr. McCulloch. And there was great waste; is that right?

Mr. Poole. Great waste. There wasn't a third of the roofing when they came to put it on, that they could unroll.

Mr. McCulloch. What do you know about the destruction of materials by fire, and so on; that is destroying good materials by burning them?

Mr. Poole. Well, here up this old canal bed side, they kept perpetual fires going. I don't know what all went in, but I have seen good stuff, two by fours, two by sixes, sheathing that had never been cut; I have seen it laid in there burning.

Mr. McCulloch. Can you give us an instance, say, of the waste resulting from labor in the hanging of doors? I have got a memorandum here in which it is set out that it cost over $12 to hang an ordinary door, about 75 cents worth of work (p. 1778).

Mr. Poole. That happened up here in section N, this particular instance happened on Sunday when everybody was getting $12 and there was four or five men in that gang that were capable of hanging doors, but the boss never arranged the men to suit the work. He did everything—that is, he put on all the siding and put on all the roofs and put on all the windows and doors, the result of it, the day he went to hang the doors, he put the whole gang to hanging doors. There was one young lad, he had been in the agriculture department of the O. S. U. spending his vacation here working at camp, he was put to hanging doors; a nice boy, but knew nothing about hanging doors. He spent all that Sunday on his door and didn't get it done; only had one hinge on and didn't have his lock on.

Mr. McCulloch. For which he was paid how much money?

Mr. Poole. $12.

Mr. McCulloch. How much did it ordinarily cost to do that job of hanging a door?

Mr. Poole. Contractors here figure a door of that kind 75 cents for fitting and hanging it. And over in the base hospital I met up with another foreman over there and we were exchanging experiences, and I told him about the $12 door, and he says, "I have got you beat." He says, "I had two men two days hanging a transom over here."

Mr. McCulloch. Was he a foreman, too?

Mr. Poole. He was a foreman; an ordinary transom, 5 feet by 16 inches.

Mr. McCulloch. Took two men two days.

Mr. Poole. Two days; and afterwards when they completed those corridors, I put two men that were mechanics hanging the same size transoms and two of them hung 22 in one day.

Mr. McCulloch. Now, I wish you would just give the committee the benefit of your views as a man of 20 years' experience as a carpenter, who has been a contractor—you have been a contractor, have you not?

Mr. POOLE. I am now.

Mr. McCULLOCH. And you have been a carpenter for 20 years?

Mr. POOLE. Well, I have been working at it steady. I have been a carpenter more or less all my life. My early life was divided between carpentering and farming, but I have followed carpentering steady for 20 years.

Mr. McCULLOCH. And you have been a contractor for how long?

Mr. POOLE. Thirteen years.

Mr. McCULLOCH. Doing general contract work?

Mr. POOLE. Yes, sir.

Mr. McCULLOCH. As a constructor of buildings?

Mr. POOLE. Yes, sir.

Mr. McCULLOCH. Now, what will you say to this, as to your opinion—and it would only be an opinion—as to how much more it cost to build this cantonment in the way it was built and under the system that it was built than it would have cost to build it if it had been built by a contractor under a lump-sum contract? Give us your opinion as to how much more it would cost the way it was built rather than under a lump-sum contract (p. 1779).

Mr. POOLE. Well, I would imagine that if it was as I build buildings under contract that it would have been built for less than half for the labor cost. Now, the first building I worked on here in section K, the foreman was Nagle, and I don't know how long they had been on the building when me and my partner and two other local carpenters came out here; we four came together and worked together. We were on that building six weeks after we went on it. That building, I venture to say, the labor cost on it would run $8,000 or $10,000. I would contract to put the carpenters' labor on it for not over $1,100 any time.

Mr. McCULLOCH. And you say the labor cost—carpenter labor cost—that you would have been willing to put on for $1,100, cost how much?

Mr. POOLE. Eight or ten thousand dollars. There was that gang, would average 30, counting the scratch boss and the timekeeper, apportion their cost to the various buildings, would average 30 men working on there, and they will average $50 a week. That is $1,500 a week, and there was six weeks that we worked on it after we went on it. I don't know how long they worked before we went there; two or three weeks.

Mr. McCULLOCH. You were on six weeks?

Mr. POOLE. Six weeks.

Mr. McCULLOCH. And if they worked two weeks, it would have been eight weeks?

Mr. POOLE. Be eight weeks.

Mr. McCULLOCH. At $1,500 a week?

Mr. POOLE. That is $12,000.

Mr. McCULLOCH. Yes; and you say you would have been willing to have done that job for $1,100?

Mr. POOLE. I would. I would take a dozen of them to-morrow.

Mr. McCULLOCH. Now, how do you account for that excess labor cost?

Mr. POOLE. Well, they just build up and tear down. We had the building practically completed once and they came along and the

stairway was over there and the scratch boss says. "They want the stairway over on that side." That involved not only the moving of the stairway, but three or four doors, double doors, from that side of the building to this; just simply revised the building was all.

Mr. McCulloch. Then?

Mr. Poole. That took time.

Mr. McCulloch. Now, what else would account for the discrepancy in the labor or cost; the inefficient men on the job or what?

Mr. Poole. The inefficient men.

Mr. McCulloch. How about idleness?

Mr. Poole. The poor management and men loafing—gone.

Mr. McCulloch. Yet getting paid?

Mr. Poole. Gone and getting paid. Go to the latrine and be gone three or four hours at a time.

Mr. McCulloch. What do you say as to whether or not all of this inefficiency and lack of system and idling away the time was within the knowledge of the contractor or his authorized agents; did they know about it?

Mr. Poole. They couldn't help but know about it.

Mr. McCulloch. And you will say they did know about it?

Mr. Poole. They did know about it, undoubtedly. If it had been a private contractor they would have looked after it more closely (p. 1780).

Mr. McCulloch. Now, passing from the labor cost to the material cost, what do you say, in the light of your experience as a contractor and a builder and a carpenter, that it would have cost for materials on Camp Sherman—and it can only be your opinion—if the contract had been let on the lump-sum basis, or as you would take the contract to build a building—what do you say as to what it would cost to do it that way, compared with what it did cost in material?

Mr. Poole. Well, I would imagine it would cost one-fourth less, anyhow.

Mr. McCulloch. That is, the material loss would have been one-fourth less?

Mr. Poole. A fourth. Because I do know that what lumber wasn't actually piled up in a pile they hauled the lumber out on those donkeys and dumped it over at the side of the track, and they had gangs to pile it up in a rather systematic way; but if you carried any lumber to the building—and we often had our sawhorses loaded with lumber—maybe a wagon would come in with a load of something, and we would have to unload our horses to let the wagon in and lay that lumber down, and the wagons would have it picked up and gone. They picked up everything that wasn't absolutely piled up.

Mr. McCulloch. And hauled it to the dump?

Mr. Poole. And hauled it to the dump.

Mr. McCulloch. Without sorting it?

Mr. Poole. Without sorting it.

Mr. McCulloch. Threw it on and took it to the dump pile?

Mr. Poole. Took it to the dump pile.

Mr. McCulloch. Did you work for McGrath?

Mr. Poole. No.

Mr. McCulloch. Your work was entirely under Bentley?

Mr. Poole. Under Bentley and the Government. From the 1st of December on I was under the Government.

Mr. McCulloch. Did you report to any of the agents of Bentley conditions in addition to what you have already told us?

Mr. Poole. Only the men over me. I never went higher up than the block boss.

Mr. McCulloch. No. How often did you go to the men over you? Did you make many complaints about the whole thing?

Mr. Poole. Well, I did at first, and I found it did no good, and I tried to make the best of it.

Mr. McCulloch. When you made complaints or called to their attention conditions, what would be the answer?

Mr. Poole. Why, especially about the men, they would say, "Well, put them at something, carrying something, moving something, cleaning up, or something."

Mr. McCulloch. But keep them on the pay rolls. Did they say that?

Mr. Poole. "Don't fire them." It meant the same thing.

Mr. McCulloch. Told you not to fire them (p. 1781).

Mr. Poole. And on the subject of soliciting donations one way and another. I don't know whether it has been brought out by any of the other witnesses or not, but shortly after the Eighty-third came here, and either the Government or Gen. Glenn himself got a home down street, the old Judge Stone home, they came around, the timekeeper came around and he says, "We are getting up a little subscription to build a nice brick mantel in Gen. Glenn's home, how much will you give?" The foremen wasn't expected to give less than a dollar; the men was expected to give a quarter; and he told me in a day or two, he said, "I did first rate on that mantel." He says, "I got over $1,300 in the base hospital." There was four other sections out here. If they did as well the workers of that camp contributed $5,000 or $6,000 to Gen. Glenn's mantel. I don't know whether he ever got it or not, but if he did, I bet it didn't cost over $200 or $300.

Mr. McCulloch. Well, were the men pressed to make these contributions?

Mr. Poole. No; there was nobody forced, but they just come up to you with their book, you know, ready to write your name and have it half written, before you would say, "I will give a quarter, or fifty cents, or a dollar."

Mr. McCulloch. The disclosures you have made in regard to conditions of soldiers in that hospital without that heat, without the heat, is not only important, but it is startling in the extreme, and I want to ask you this question: Did you know of any of those boys dying during that time?

Mr. Poole. Well, there was boys dying every day out there, but personally I can't say whether any of the boys that I knew, the boys that—we worked in their barracks; windows get broken out, and we go in and put in new window panes, and I came in contact with many of them; and young fellows, sad looking, and they would ask me, "Mr. Carpenter, won't you bring me an apple to-morrow?" something of that kind. I always brought them something, and one young lad, I gave him his apple, or brought a sack and gave it to him and he said, "I only want one; pass the rest around among my buddies"; and one boy said, "I don't want an apple, but if you

will, bring me a hot stove to-morrow." It was pathetic, I tell you, to be among those boys and see them suffer as I did out there.

Mr. McCulloch. As a result of the lack of heat?

Mr. Poole. Disloyalty on the part of those pipe fitters and the Bentley Co. or Gibbons—all of them.

Mr. McCulloch. You say they were all more or less responsible for it?

Mr. Poole. Yes. If they had been working under private contract and they had to deliver so much goods or be fired, they would have delivered the goods.

Mr. McCulloch. And the steam fitting would have been completed, in your judgment——

Mr. Poole. Yes, sir.

Mr. McCulloch. In time to have protected those boys from that zero weather?

Mr. Poole. Yes, sir.

Mr. McCulloch. Can you tell us anything more about that now? Have you any other matters you would like to bring to the attention of the committee?

Mr. Poole. Not that I think of (p. 1782).

Mr. McKenzie. You worked under Bentley until the Bentley contract was completed, I understood you to say?

Mr. Poole. Yes. I was the last man in that department.

Mr. McKenzie. You were not discharged by Bentley?

Mr. Poole. No.

Mr. McKenzie. You never had any difficulty with him?

Mr. Poole. No; never; wouldn't know the man if I would see him.

Mr. McKenzie. Your relations were friendly?

Mr. Poole. I never seen Bentley himself.

Mr. McKenzie. And you have stated here several times that you made efforts to fire incompetent men, men who were loafing on the job?

Mr. Poole. Yes, sir.

Mr. McKenzie. Absolutely useless, and that you couldn't get rid of them? You had to continue them on simply because the men above said you couldn't discharge them?

Mr. Poole. Yes, sir.

Mr. McKenzie. Now, you are sure about that, are you?

Mr. Poole. Yes, sir; I am sure about it.

Mr. McKenzie. And on that point you are absolutely certain that you are stating a fact to this committee?

Mr. Poole. Yes, sir.

Mr. McKenzie. That you had incompetent men and that you couldn't get rid of them?

Mr. Poole. Could not.

Mr. McKenzie. And that you could have done the work with half the men you had?

Mr. Poole. Yes, sir.

Mr. McKenzie. And accomplished just as much by your work; is that it?

Mr. Poole. Yes, sir.

Mr. McKenzie. Now, then, I want to ask you another thing: I think the matter that you have stated here in connection with that

hospital, as Mr. McCulloch said, is one of the most startling things; while it doesn't involve the expenditure of so much, but yet it involves the question of humanity.

Mr. POOLE. It does, indeed.

Mr. MCKENZIE. And you have stated that that condition existed during the months of October and in the month of November, practically all of November, and that we had zero weather at that time?

Mr. POOLE. Yes, sir.

Mr. MCKENZIE. And even below zero, you stated?

Mr. POOLE. Below zero.

Mr. MCKENZIE. Now, will you tell the committee just how you fix that fact in your mind, that you had that kind of weather? What I want to do is to get that emphatically in the record as to the condition of the weather at that time.

Mr. POOLE. That winter was an extreme, and it set in early, and it was sleet, ice, and snow, and zero weather. There wasn't a morning that it wasn't down to zero or below. We had no fair days, no pretty, warm days.

Mr. MCKENZIE. Well, now, how do you fix that in your mind? Did you look at the thermometer those mornings (p. 1783)?

Mr. POOLE. No. But I rode one of those Army trucks about every morning and back. I froze my ears and I froze my nose.

Mr. MCKENZIE. Did you read it in the paper or hear it stated it was zero weather?

Mr. POOLE. Oh, I consulted the thermometer at my home; yes.

Mr. MCKENZIE. And you know there was real zero weather?

Mr. POOLE. There was one morning it was 28 below.

Mr. MCKENZIE. At the same time that there was no heat in part of these rooms, in the wards where——

Mr. POOLE. Only through those temporary lines, and they were frozen up, or full of cold water. They got no heat. You start out from the power house and probably three or four buildings from the power house you would have some heat; beyond that you had none. When it got to the hospital, it was a dead line, and when you got down to where Maj. Huber lived, the commandant in that group, he had no heat at all.

Mr. MCKENZIE. And you know what it is, I take it, in a building, and you are sure these boys——

Mr. POOLE. Especially if you are not working.

Mr. MCKENZIE. These boys were lying there, and the only heat they had was what they could get from some gasoline stoves, oil stoves?

Mr. POOLE. I have seen the boys that wasn't absolutely bedfast go out in the lot back of those barracks and build fires out of the scrap lumber they could gather up.

Mr. MCKENZIE. One more thing I would like to ask you; did you ever see any Army officers around there?

Mr. POOLE. Only the hospital group; Adjt. Curtis and Maj. Huber.

Mr. MCKENZIE. Did you go over and talk with any of the officers about the condition there?

Mr. POOLE. Yes.

Mr. MCKENZIE. What did they say about it?

Mr. POOLE. They were like me; they laid it all on the plumbers and steam fitters. Maj. Holmes had a great deal to say out there;

while he was not the commanding officer, his influence went probably further than anybody's. He would go over——

Mr. McKenzie. Do you know whether any Army surgeon or anyone connected with the United States military service got after those fellows and tried to hurry them up, pressed them to get this work done?

Mr. Poole. Yes, sir; the camp commander would come over there occasionally on tours of inspection, but what he ever done I don't know.

Mr. McKenzie. But things went on just the same.

Mr. Poole. Went on just the same.

Mr. McKenzie. After he had been there as they were before? Is that true?

Mr. Poole. Yes, sir.

Mr. McKenzie. That is all.

Mr. McCulloch. While it probably doesn't go to the question of expenditure, yet it has been reported that about that time the soldiers in that base hospital were not getting enough to eat. Do you know anything about that? You say you brought them apples, and so on (p. 1784).

Mr. Poole. Well, of course, everybody that is sick probably has a craving for something not supplied out there. I took that as the boys' wants regarding the apples and bananas and things. But, apparently, they had plenty to eat. I have seen them take the stuff from the kitchen in extreme cases. What they eat was prepared in this diet kitchen, but if they were able to eat a square meal it was brought from the mess kitchen, and apparently plenty taken to them.

Mr. McCulloch. You didn't observe, then, if that condition existed in the camp; you didn't observe it?

Mr. Poole. Oh, no; I am inclined to believe the boys were fed. and fed amply.

Mr. McCulloch. You did give them the apples, and they were glad to get them?

Mr. Poole. Yes; a person may have enough to eat and still crave an apple or something.

Mr. McCulloch. Yes; I think that is all.

Mr. Doremus. When did you quit work on the camp?

Mr. Poole. Me?

Mr. Doremus. Yes.

Mr. Poole. December 28, 1917.

Mr. Doremus. Still working for Bentley?

Mr. Poole. Am I still?

Mr. Doremus. Were you at that time, when you quit?

Mr. Poole. No; I quit; the Government took over the unfinished work on the 1st of December.

Mr. Doremus. Why did you quit?

Mr. Poole. Why, I guess they got through with us. The work after that was carried on by the carpenters among the soldiers.

Mr. Doremus. Well, you were not fired from the job.

Mr. Poole. No; no.

Mr. Doremus. I see; that is all (p. 1785).

C. V. SIGLER, Richmondale, Ohio (pp. 1785–1787):

Worked at Camp Sherman on the foundation gang as a carpenter from June until December, 1917. Under the first foreman worked pretty well. Later we had 22 in the gang. I judge that with 8 or 10 less we could have done just as much work.

Mr. McCULLOCH. Did you know anything about the order not to discharge men?

Mr. SIGLER. Yes; our foreman told us that day, he says: "I can't discharge you, because to-morrow we may need you," and he says: "I am instructed to keep my men" (pp. 1785–1786).

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Mr. SIGLER. Of course, the waste of lumber. I didn't work on the barracks but very little until after we got the foundation completed. I was put on the barracks five or six weeks laying floor, and many a time they would be so thick along the floor and absolutely to do your work you couldn't do it; men in your way. Half the men would have laid as much floor. Just like I saw 30 men—60 men, 30 on each end of this Red Cross Building here.

Mr. DOREMUS. You mean this building?

Mr. SIGLER. This building right here was the last work I did, and I saw 60 men down here, 30 on yon side and 30 on this side, laying floor, which was absolutely too many men to do their duty; that was all there was to it.

Mr. McCULLOCH. This was a hurry job?

Mr. SIGLER. Yes, sir; I guess so.

Mr. McCULLOCH. Yes. There is no other matter that you can think of that might be of interest?

Mr. SIGLER. No; nothing particular that I know of.

Mr. DOREMUS. Well, you do know that this particular building that you have just referred to and in which this session is being held was completed in from 23 to 28 days?

Mr. SIGLER. Yes, sir; 28 days, I believe. I commenced here on Monday laying this foundation and the last thing I did at the end of the month carry the chinaware into the kitchen so they could have their—whatever they was to have.

Mr. McCULLOCH. That was to dedicate it?

Mr. SIGLER. Yes.

Mr. DOREMUS. Do you consider that quick construction or slow construction?

Mr. SIGLER. It was quick construction, but less men could have done it.

Mr. DOREMUS. You think if they had had fewer men on the job they could have completed it in less time?

Mr. SIGLER. Twenty-five per cent less carpenters—and I don't consider myself any particular carpenter—25 per cent less men in my judgment could have built it just as quick (pp. 1786–1787).

OSCAR HERMANN, Chillicothe, Ohio (pp. 1790–1793):

Worked at Camp Sherman under Bentley. Charles Lunn was my foreman. Machinist taking care of pumps at the pumping station.

Mr. McCULLOCH. How about working?

Mr. HERMANN. Well, they would only work when they would see their foreman coming. The foreman would generally ride with the

truck, and they would watch for the truck when she came over the hill, and they would start to work. Other times they would be loafing around there.

Mr. McCulloch. Any remarks made to you about the kind of work they were doing?

Mr. Hermann. One time—one evening when I was working on night trick—there was a truck load of them came over there; see we had some small wells around there that they had drove, and a truck load came down and I asked them what they were going to do, and one of them says—well, he says—"We are going to stick around here awhile;" and so an hour or so after that I went down and they were still there. They had a large searchlight on their truck; they turned it around so it would throw the light on their truck and they had a real dice game going on on their truck; but they were getting paid for it, because they said they were turning in their time.

Mr. McCulloch. What time of the year was that?

Mr. Hermann. This was about the 1st of September

Mr. McCulloch. 1917?

Mr. Hermann. Yes, sir (pp. 1790–1791).

One gang of men, when I asked them where they were going at night, said they were going down to watch the moon come up. Came down and put in time.

Mr. Hermann. They certainly did, because—well, I couldn't see them; I made a round every hour to see these wells and three times that I made my round they were there.

Mr. McCulloch. Were they working?

Mr. Hermann. No, sir. I told you before they had a dice game going on the second time I went around and the foreman was rolling the dice what time I saw them.

Mr. McCulloch. The foreman was with them rolling the dice?

Mr. Hermann. He was there; yes, sir. He was the leader of those dice games at all times, I guess.

Mr. McCulloch. What was the foreman's name?

Mr. Hermann. He was working under Charles Lunn for the Bentley Co. I don't know what his name was; they called him Barney.

Mr. McCulloch. But he was on the job with the men playing dice at a time when they were drawing pay from the Government for their work (p. 1791)?

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Mr. Hermann. Most any time during the day you could go down to the river bank and see a large gang of carpenters playing cards or shooting dice, and they would take—it looked to me like they would take turns about going down there. There would be one gang down and a gang working. This gang would go back and another gang worked a while. I had nothing to do with that.

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Mr. Hermann. I saw one time when I was coming from work along the river bank—I saw probably 30 kegs half filled with nails on the edge of the river bank. Well, a week or so later I came by there and these nails were rolled down the river bank into the river.

Mr. McCulloch. They had been hauled there, evidently, on the dump pile?

Mr. Hermann. Undoubtedly so (p. 1792).

CARL MILLER, Chillicothe, Ohio (pp. 1794–1795):

Worked for Bentley, and also for McGrath. Drove team.

Mr. MILLER. Well, the waste of material, when the carpenter foreman would send us to the lumber yard for 14 foot stuff they would load 16 and 18 foot stuff and tell us the carpenters had saws. It was too long, but they said the carpenters had saws.

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Mr. MILLER. I used to ask the lumberman if they would like to have a house built—there was about four feet waste on all the material.

Mr. McCULLOCH. Did you haul some of this stuff to the scrap pile?

Mr. MILLER. Yes, sir.

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Mr. MILLER. The only thing I can say about the waste of material, they would allow about two-thirds more lumber than was necessary and after they finished the building we had to haul it back.

Mr. McCULLOCH. Two-thirds more, you say?

Mr. MILLER. Yes, sir.

Mr. McCULLOCH. Than was necessary?

Mr. MILLER. Yes, sir.

Mr. McCULLOCH. In other words, they used about two-thirds of what you hauled there?

Mr. MILLER. Yes; some of it went back to the lumber yards and some to another place; some they hauled around until it was wore out.

Mr. McCULLOCH. That is all (pp. 1794–1795).

CHARLES KUHN, Chillicothe, Ohio (pp. 1795–1797):

Worked at Camp Sherman under Bentley practically all the time except for two weeks when I was off on account of a sick wife.

Mr. KUHN. Oh, there was more or less waste, trucks running over it and boards being cut off, and big boards, 14 and 16 foot boards, being cut off. Over there at the waterworks I saw them cut off a board 3 or 4 feet longer than necessary, and throw back the board on the pile, as it was before.

Mr. McCULLOCH. What about the method of unloading nails?

Mr. KUHN. Well, I saw them unload nails back of this building; they fixed up a chute there to roll them off the cars; they fixed up a chute and rolled them off the cars, and they would bump against one another and burst, but they just went on.

Mr. McCULLOCH. Did you regard it as a willful waste?

Mr. KUHN. I think so. I have seen the carpenters dump their aprons out on the ground rather than walk two feet to a keg. I thought that was waste (p. 1796).

Plenty of men standing around doing nothing.

Mr. McCULLOCH. Tell us about what occurred at the waterworks.

Mr. KUHN. Well, I was over there about three weeks. I was transferred from the railroad gang over there, and we scraped a few days and then they got to hauling some sod. We practically didn't do anything to amount to anything. There was a foreman there;

I don't know what his name was; he had charge of the whole thing, the whole works there, the way I understood it, and they had a bunch of carpenters there. They practically didn't do anything. Toward the last few days there was nothing for us to do. We asked him what to do and he said to go over there and stay by your team, and stay there until I tell you what to do. We did that. I would unhitch and feed, and there was about four days that he wanted to finish up the job there, and he wanted everybody to stay with him until he was done. Every morning we would ask him what to do and he said, "Watch your team until I tell you what to do."

Mr. McCULLOCH. What did you do during that time?

Mr. KUHN. Sit in the warm and tried to get a windbreak for the team. I went there with the intention of working.

Mr. McCULLOCH. You got paid all along for it?

Mr. KUHN. Yes, sir.

Mr. McCULLOCH. I think that is all.

Mr. McKENZIE. You were about an average teamster?

Mr. KUHN. Yes, sir (pp. 1796–1797).

I was under Mr. Gill. I have worked harder. This camp was about the easiest job I ever had, and about the best pay.

(Letter received by Chairman McKenzie:)

ST. LOUIS, MO., *November 4, 1919.*

Hon. JOHN C. McKENZIE.

DEAR SIR: I was a captain in the Medical Corps at the base hospital, Camp Sherman, during the year 1918, and I am glad to see that the Governemnt is investigating the notorious disloyalty and profiteering of the labor organizations. What Joseph Poole says about the nurses and physicians wearing overcoats in the wards is true.

The suffering and inconvenience of the officers in their quarters was worse than in the wards. New officer quarters were erected in the early spring, and 10 steam fitters worked in the building from early morning until late in the evening from spring until the following winter killing time. They played cards and billards occasionally, but generally when the medical officers were about they would be putting up or taking down the same pipe over and over again—one or two men doing the work and the others looking on. When winter came we had to use coal-oil stoves nearly up to Christmas.

These profiteers couldn't have carried out their dishonest purpose if the contracting firm had not been in collusion with them (p. 1799, Pt. 24).

Very truly,

WM. J. SAY.

SERIAL 3, PART 24.

Hearings held at Rockford, Ill., November 10, 1919, in re construction of Camp Grant (pp. 1799–1894).

WALTER C. DURHAM, Rockford, Ill. (pp. 1799–1809):

Am employed by the Government firing at the Camp Grant heating plant; was at Camp Grant during its construction from 2d of July, 1917, to November 29, 1918, under Bates & Rogers first and under Beckstrom & Ericsson. For about a month was handling lumber and transferring lumber to the barracks being built. Then I became a straw boss on the well unit. Huffman was the first I started under, Skiels the next. I had from 6 to 60 men. I was all over camp. Got a general idea of the situation. I considered that there was lumber wasted. A plank would be thrown down when it was muddy and they would pick it up and haul it to the scrap pile; good

lumber, as good as any they had on the camp; burned it up, or it is still out there. Instead of taking short pieces, the carpenters took the long pieces out and cut it off. There was also a waste in tools thrown down, then go off and leave them to be covered up by leveling and the teams. Then they would get new tools issued to them. Whenever it came to quitting time, every man threw down whatever he happened to have to go to town or to be first at the table. They did it because I could not force them to pick them up. A man would have so many men strung out that he could not force them to pick up their tools and put them away (pp. 1799–1803). I had 60 men and could not keep my eye on them. I could have taken half as many men and done as much work. They would be brought down there, and the superintendent would tell me to take them out. Had to get rid of them. I have seen men that I have got rid of go right back on the job in two or three hours on the wagon (p. 1804). It was pretty thick with nails on the ground. Every week they would get a new set of tools. I would call that going pretty deep. No effort to remedy. I reported it to our boss. Men were never forced to pick up their nails (p. 1805). I attempted to get work out of my men. They would say, "To hell with you; you are afraid of your job; you never was on the works before; you don't know how to handle this sort of work" (p. 1805). Yes, I was the foreman. I did not fire anybody. I would report to the superintendent, and had him fire some. They would go right to the camp and hire over again. They knew they could do that. The effect was just as I have said, for they could get another job. They would say, "To hell with you." I could not get work out of them; I would say out of only about a half. I had too many men if I should want to do the work for myself.

Mr. DURHAM. Well, we would be working on the jobs, you know, and I would say something about it not going like it ought to and they would say, "What do you care, you are getting yours out of it, and the contractor don't care, he gets a percentage out of every dollar spent here; the more it costs the better it suits him."

Mr. MCKENZIE. Was that conversation general among the men?

Mr. DURHAM. That was general among the men.

Mr. MCCULLOCH. Was it common talk among them? (P. 1806.)

Mr. DURHAM. They said you couldn't quit; if you quit they would have put you in the Army.

Mr. MCCULLOCH. They would draft you; is that it?

Mr. DURHAM. Yes, sir.

Mr. MCCULLOCH. And yet during that time, do you say, they had too many men on the job?

Mr. DURHAM. Well, I couldn't say about that, because there wasn't too many—I was working on the roads at that time myself; a laborer.

Mr. MCCULLOCH. You were not a foreman then?

Mr. DURHAM. No; I was not a foreman then.

Mr. MCCULLOCH. Have you any other instances or matters that you could bring to the attention of the committee that might throw some light on how that work was conducted out there?

Mr. DURHAM. Well, I think when Beckstrom had it building hay sheds over there they had too many men on the job then.

Mr. MCCULLOCH. Tell us about that, and about how many too many men.

Mr. DURHAM. I guess there was something like 75—50 or 75 on the job I was on, and about all the work we had we would unload three or four carloads of cinders in a day and then maybe three or four days before we got any more cinders, and they were punching around and tamping these cinders and beating them on the floor, when they had already been beaten (p. 1807).

An instance of how the plumbers worked is this:

Mr. DURHAM. Yes; on the west side of the reservoir and the water main they tapped an inch hole, and it took two men two days and a half tapping an inch hole and putting a prain in (p. 1807.) I would say it ought to take two hours to do it; it took them two and one-half days. I took the laborers myself and dug the dirt out for them to get at the pipe, to get it ready; all they had to do was to get the drill ready and screw the cock in (p. 1807). On Ericsson's job they said you could not quit; if you quit they would put you in the Army; draft you (p. 1808).

W. L. NORMAN, Chicago, Ill. (pp. 1809–1820):

Live in Chicago, formerly at Rockford. Went to work at Camp Grant about July or August, 1918, under Ericsson; continued six or seven months. Cement finisher and on the road as foreman; also labor foreman and had worked putting in foundations and floors in the buildings. Worked over the camp generally and was in position to notice and observe. There was plenty of cement wasted due to the fact that there was no covering for it. Great many times too much cement was hauled on the job; they had it too far ahead for that time of the year and rainy season, and could have been avoided. Cement got wet and could not be used: Lack of management or carelessness, absolutely (pp. 1810–1811). Such a thing would not have occurred on a contract where the contractor was interested in getting the work done at a reasonable figure and quickly. I think it was willful waste. I saw quite a bit of lumber wasted.

Mr. NORMAN. They took a long board and sawed a piece off where they could have used a short piece. They had plenty of laborers in the building to help the carpenters where they could have handed a short piece to the carpenter on the top floor (p. 1811). This was thrown on the waste pile. Wasted more than necessary; had to: carelessness and lack of proper management. Plenty of nails lying around. If man had been hired for that purpose he could have picked up many kegs of nails over the camp (p. 1811). Willful waste. Building paper might have been taken inside; broken up and left in the rain and they could not use it. I observed the breaking of a new roll to get a piece.

Mr. NORMAN. Well, there was cement and lumber and nails. Here is another case of mismanagement, I think, or carelessness: We would order cement or sand or gravel for certain jobs and give the order for so many cubic yards of sand and so many cubic yards of gravel or stone, and they would pass the buck, you might call it. This fellow would give the order for so many yards of sand or stone and the other fellow for the same amount, and sometimes you had 20 yards of sand or stone when you needed only 6 or 7.

Mr. MCCULLOCH. On that particular job?

Mr. NORMAN. Yes; on that particular job; too much material.

Mr. MCCULLOCH. That was due to what?

Mr. NORMAN. Well, too many higher-ups.

Mr. McCULLOCH. Too many bosses?

Mr. NORMAN. Too many bosses; absolutely a case of mismanagement.

Mr. McCULLOCH. Would that have occurred, in your judgment, under a lump-sum contract, where the contractor was interested in doing the work at a reasonable price and quickly? (P. 1812.)

Sand and gravel was hauled from place to place; waste of labor; added to the cost. I always estimated how much I wanted and they brought more. The cement waste was probaly hundreds of barrels; and also the sacks. Mighty hard to figure out the percentage of what was lost; I would say about 20 per cent above what would be ordinarily wasted on a job (p. 1813). Some of the men furnished were mighty poor; some boys that never did a day's work, and some old fellows not capable of doing a day's work. Paid the same. Some of the foremen had some experience; a great many had never been on a job in their lives and still they were foremen. Effect would be they did not know what to do, and did not know how to place their men, and did not know how to get the best out of them. That kind of business would not have obtained if work done on a lump-sum contract; contractor woud not have stood for it; not a minute, absolutely not. The effect was loss and delay, naturally (p. 1814). On road building, made pretty good time (p. 1814). Mostly experienced men (p. 1814). They had some mighty good carpenters and some mighty poor ones.

Mr. NORMAN. Well, I saw some mighty good carpenters and some mighty poor ones; fellows that probably never had experience at all; fellows who came and hired as carpenters. I had two in my gang—laborers—that were absolutely no good. I discharged them and they went away and I saw them a couple of days after that with saws and hammers and they had hired as carpenters. I saw one fellow trying to saw a board with a rip saw, and he was wondering why he couldn't saw it. He was on there seven weeks, I think.

Mr. McCULLOCH. Drawing pay as a carpenter?

Mr. NORMAN. Yes, sir (p. 1814).

I say the loss was great because men of that sort could not do a decent day's work as carpenters. I would call the lack of management and having too many men as general over the whole camp (p. 1815). On one matter, in digging a cesspool, it was a matter of $12 worth of experience in shaping up and building an inside frame as against 50 cents for a barrel. In one instance, I kept track of the cost in order to make a comparison. (See next page.)

Mr. NORMAN. In filling in latrines and bathhouses, we had several buildings on the hillside, and the foundation on two or three of them was 4 to 6 feet high; in order to put in a level floor we had to fill in. I kept track of the soil that was hauled there and dumped there. It was a haul of about 100 feet, running up the gang plank and down again, and when I started it cost about between 27 and 30 cents a cubic yard to move that dirt, and I had a couple of men laying down on me and I discharged them; they were either too old or too lazy, they couldn't do the work; I discharged them, and I think it was Walter Ericsson who came around and told me not to discharge any more men, loud enough so that all the men there heard it.

Mr. McCulloch. All the men working on your job?

Mr. Norman. Yes, sir; heard the remark. I said, "What are you going to do if a man lays down absolutely on the job?" He said, "We need the men, that is all; let them work." I kept track of the cost and it jumped from 27 to 30 cents a yard to between 55 and 60 cents a yard.

Mr. McCulloch. Or more than double?

Mr. Norman. Practically double; yes, sir.

Mr. McCulloch. What do you say to the committee was the cause of that increase of the cost?

Mr. Norman. Well, this order not to discharge any more men, and the men knew it.

Mr. McCulloch. This Ericsson was the contractor?

Mr. Norman. Yes, sir; his father was.

Mr. McCulloch. That is Walter Ericsson told you.

Mr. Norman. Yes, sir; he is one of the firm.

Mr. McCulloch. He is general superintendent on that job?

Mr. Norman. Yes, sir.

Mr. McCulloch. And one of the firm (p. 1817)?

I was ordered several times not to be too hard on the men. Mr. Warner and Mr. Larson and the Ericssons gave me these orders. Larson was head superintendent, and Warner assistant superintendent for the Ericssons. "Don't rush them too hard; we are pretty short of men; keep all the men you have," were the instructions I got.

Mr. Norman. Well, I seen two plumbers working putting a thread on a pipe that should be done in a couple of minutes, and I guess it took them two hours; they were getting paid for it.

Mr. McCulloch. That was an instance you observed?

Mr. Norman. Yes; and I have seen the plumbers doing their own digging in the latrines and other work that should have been done by laborers.

Mr. McCulloch. Can you give the committee any other instances of waste resulting either from the handling of material or the methods of handling, or the idleness of men; the methods of handling the labor (p. 1818)?

Plumbers were getting 90 cents an hour; laborers, 45.

I have had seven years' experience as a concrete worker and have taken some contracts.

Mr. McKenzie. As a practical concrete man, would you feel that you would have been able to figure on a contract of that kind at that time and taken in at so much per unit?

Mr. Norman. Yes, sir.

Mr. McKenzie. And is it your judgment that the Government could have saved a great deal of money by letting it on that sort of a contract?

Mr. Norman. Yes, sir; absolutely (pp. 1818–1819).

I had several men working for me as laborers and could not use them; they would not work, and I discharged them. They walked around to another man and hired as carpenters and roofers; absolutely no good; drawing 45 cents an hour as laborers and hired back on the job at $56 a week as carpenters and roofers (p. 1819). One time I had 12 teams and only seven laborers loading. It was a short haul and they could not keep the teams moving. There was waste

there in the teams coming up and waiting (p. 1819). Teams were drawing a dollar an hour; laborers, 45 cents. We had no picks on the job. This continued for five or six days. I spoke to the superintendent and asked for teams and plows and picks, and I could not get anything I wanted. He said, "Do the best you can," but they did not take the teams off or give me the men (p. 1820).

SIDNEY CAIN, Rockford, Ill. (pp. 1820–1826):

Carpenter and carpenter-foreman, and general contracting work, at Camp Grant from about August 8, 1917, until November 8, same year. Later was foreman under Beckstrom and Ericsson. There was considerable waste. I figured it more due to work as it was done and the poor material they had to work with. There was waste to quite an extent; bound to be on work of that magnitude, you understand. The lumber was all No. 2 hemlock. Very poor grade. On a 20-foot board they could only get 4 or 5 feet dressed and matched stuff. It was a great waste. Of the 8,000 men on the job, half rated as carpenters, and about 2,000 of the 4,000 were not carpenters at all. They were grocery clerks, machinists, farmers, and tailors, and a good many laborers. Labor scale was 35 cents an hour and the carpenter scale was 62½ cents, and half of them never had any experience at all (p. 1822). Considerable effect, because they did not know how to use material, and resulted in delay, because it interfered with the speed of the men who were carpenters. I would not have stood for a thing of this kind if I had been doing it on a lump-sum basis (p. 1823). They were all rated as carpenters on the regular scale, not as helpers; I mean, now, the carpenter gang. Once on a hurry-up order for 10 barns, one Monday morning, they said they must be built in a week, and they took 600 men down there and built those 10 barns, 29 by 100 feet, in six days. I presume 200 men would have built them in the same time; from my experience, 400 men too many. Of course, you had to crawl over them all the time to get a board to use, and that delayed your speed. I presume on those buildings, on the small buildings, there were 25 to 40 men, when 10 men would have done as much work as the men they had, and yet they were all on as carpenters, drawing full scale. The loss because of too many men and the methods used was very heavy.

Mr. CAIN. As to the carpenter labor it is; I believe that one-half of the men—that is, of efficient carpenters on the job—if they had chased the others off they would have completed the building in the same length of time that the whole gang did.

Mr. MCCULLOCH. Because of having these inefficient men on there in great numbers, what do you say as to the effect in regard to delaying the work rather than speeding it up; was it delayed?

Mr. CAIN. Oh, yes.

Mr. MCCULLOCH. How much?

Mr. CAIN. Oh, that would be hard to estimate, because some of the gangs that did not have very many of those men on and they were not delayed much; some gangs had only a few efficient men on and got hardly anything done.

Mr. MCCULLOCH. Do you think the delay was rather great or not?

Mr. CAIN. It was rather great; yes, sir (p. 1824).

If I was not a carpenter and wanted to get on as one, I would walk to the window where it said carpenters, and be sent out the same

as one who was a carpenter, assigned to the carpenter gang, and paid union scale as a carpenter. Union men did not like it, but had nothing to say.

Mr. McKenzie. Do you believe from your experience and knowledge at that time that there could have been procured a sufficient number of carpenters to have done this work?

Mr. Cain. Yes, sir; I believe they would have gotten the union men, the same as they did anyhow, and kept the other fellows out, or put them in other work, work that belonged to them, and helped in that way (p. 1825).

I do not know of any practice in the contract line where they pay men without experience the same as the man who has his trade.

Mr. Cain. Yes; up until November, or about October, he did not even have to show his tool box; about that time they would say, "Where is your box?" and they would say, "In there." You might not have any tools in it. But along about October they began to examine the tools; a checker went through and looked into the tool boxes (p. 1825). That was during Bates & Rogers' time.

Mr. McKenzie. In your judgment, as a carpenter contractor, that work out there cost the Government at least twice as much as it should have cost; that is, the carpenter end of it?

Mr. Cain. The carpenter labor; yes, sir (p. 1826).

Asaph Malmstrom, Rockford, Ill. (pp. 1826–1829):

General construction foreman at Camp Grant. Observed cases were laborers were hired as carpenters.

Mr. Malmstrom. Well, there was laborers working around where I was at on different buildings that heard of other laborers and heard of other men coming in there being hired as carpenters and they got kind of jealous, I suppose, and says: "We can do the same thing," and they quit the job as laborers and went in as carpenters; went and bought an old saw and chisel and hammer and went in as carpenters and were taken to work.

Mr. McCulloch. You know that they were taken on?

Mr. Malmstrom. Yes, sir (p. 1827).

I saw men I had fired on the job as laborers afterwards hired as carpenters; fired them because they were incapable of doing the work. It was in September, 1917. Under Bates & Rogers. Mr. Brower was superintendent of the unit (p. 1827).

Mr. Malmstrom. I couldn't hardly grade that lumber at all at the start. I was surprised to see it come on there for buildings like that, that were supposed to be permanent. It was very poor—about the poorest I ever used. The drop siding was hemlock and the very poorest to put on the outside of a building, and the roof and flooring was also very poor; had to be cut out in spots in order that you wouldn't break your leg when you were walking over it; but it got to be better toward the last. I suppose they run out of the poor stuff.

Mr. McCulloch. They furnished you all the poor stuff they had?

Mr. Malmstrom. That is the way I sized it up at the time; but we received some better grades later on (p. 1828).

The effect was to make a very poor building of it and double the length of time. As to these inexperienced men, when I was with

Ericsson I noticed that they weren't doing anything else but following me up and making my job troublesome. If I had any material laid out on the job, they would follow me up and pick it up, and I would have to look all over to find out where it was gone. That seemed to be all they had to do was to keep picking up and dropping down again (p. 1828).

Some of the superintendents did not have more than one foreman, and one foreman had only 20 men (p. 1829).

TH. L. LEON DE TISSANDIER, Rockford, Ill. (pp. 1829–1835):

Am a civil and mechanical and structural engineer, educated in France and Germany. Came to America in 1896. Am an American citizen. Had extensive experience in construction work and engineering work abroad and in the United States. Worked at Camp Grant several times. Engaged by the Chamber of Commerce in making preliminary surveys. Have had experience in laying out and planning utilities. Am familiar with the layout of the land at Camp Grant.

Mr. MCCULLOCH. So far as Camp Grant goes, was there any engineering or construction reason why the buildings—why they could not have gone ahead with the building before the utilities were laid out, or that they couldn't have laid out the utilities while the buildings were being constructed?

Mr. TISSANDIER. There was no reason why they couldn't have done both at the same time.

Mr. MCCULLOCH. Or at different times; is that right? In other words, could they have gone along with the construction of the buildings separately?

Mr. TISSANDIER. Yes, sir.

Mr. MCCULLOCH. And the utilities separately?

Mr. TISSANDIER. Yes, sir.

Mr. MCCULLOCH. At the same time?

Mr. TISSANDIER. Yes, sir.

Mr. MCCULLOCH. Give us your reasons now for that statement.

Mr. TISSANDIER. Well, it is generally, in the building of streets, that are made and built up before they ever commence to lay the sewer, in the cities, and this is the general experience all over the world, and there is absolutely no reason why that could not be done at Camp Grant; you take most of the streets are 60 feet wide; the ditches and sewers and water, etc., are dug by trench-digging machines, they don't take so much room. They could get around between the buildings. There is plenty of room between the buildings to pile up materials for the construction of the buildings, so that the material would not be in the way of the ditch-digging machines at all; there is absolutely no reason why they couldn't have been built at the same time.

Mr. MCCULLOCH. So that a contract could have been let for the building of the buildings?

Mr. TISSANDIER. Yes, sir.

Mr. MCCULLOCH. And shelters, and the contractor could have gone on to the job with plans and proceeded to the construction of the shelters?

Mr. TISSANDIER. Yes, sir.

Mr. McCulloch. And at the same time the utilities could have been planned and have been proceeding to completion?

Mr. Tissandier. Yes, sir.

Mr. McCulloch. Whenever you got ready to do so?

Mr. Tissandier. Yes, sir (pp. 1831–1832).

To make a layout of the camp of the utilities it could easily be done in a month, and this could have been done while the buildings were being constructed if we had the plans for the buildings.

Mr. McCulloch. The point I want to make and get your view of is whether there is any engineering or construction reasons why the building of the buildings and the shelters should have been delayed until the planning or construction of the utilities had been completed?

Mr. Tissander. No, sir.

Mr. McCulloch. Is that right?

Mr. Tissander. Yes, sir (p. 1832).

* * * * * * *

Mr. Tissander. Well, I would say that one error made at the beginning which cost a great deal of money—the surface drainage in the first place was neglected right from the beginning. Suppose I had that whole business to handle, I would have been selected by the Government and go ahead and lay out this Camp Grant, and do everything as it properly should be done; the first thing I would have done after I had made the general layout—that is, made a topographical map—would have been to go ahead with the surface drainage. Now, this has been done to some extent, but not sufficiently, because in the fall and winter of 1917 we had a very hard winter. There was a lot of snow on the ground, and when that snow melted this camp was simply an awful swamp, and if surface drainage had been provided for right in the beginning a thing like that could not have happened, and consequently mud and bad roads would not have delayed everything. In this respect I think a great deal has been wasted along that line. That is a thing that has been overlooked from the beginning.

Mr. McCulloch. What would you say as to whether or not there was any reason in your judgment why the construction of this camp, the shelters and building, could not have been let under a lump-sum contract?

Mr. Tissander. I think it could have been let to greater advantage under a lump-sum contract.

Mr. McCulloch. Why?

Mr. Tissander. So far as I understand the cost-plus system, it isn't a safeguard against any waste. I don't see how a cost-plus system is any guard against waste. The Government pays for all of the labor, for the material, for everything, and gives so much on top of that. Now, whether he has constructed that at double the cost that he should have doesn't make any difference; he gets his pay anyway. I don't see how it is any safeguard. I do not thing in a lump-sum contract, with a prohibition penalty, if it is not completed within a certain time or if the quality is not the same as specified, and with a bonus on the other hand for quicker and better work and for cutting down on costs, I think it would be more efficient than the cost-plus system. That is my opinion.

Mr. McCulloch. And you know of no reason why such a contract could not have been undertaken by the Government and carried out, do you?

Mr. Tissander. No; I don't, of any reason; I don't know of any.

Mr. McKenzie. I would like to ask you one question: Mr. McCulloch has asked you in regard to letting out this contract on a lump-sum basis?

Mr. Tissander. Yes.

Mr. McKenzie. And, of course, one of the contentions that has been raging in the country ever since these systems were devised by the emergency construction committee and known as the cost-plus contract, whether it was a wise form of contract or not, and whether the Government was properly safeguarded, men have contended that the Government was not safeguarded at all; others claim the opposite; that is one of the things we are investigating. Now, do you believe it would have been possible to let a lump-sum contract for this entire Camp Grant out here, when, as a matter of fact, they didn't know exactly what they wanted? Do you think that would have been possible?

Mr. Tissandier. Well, it would possible not have been possible as long as there are changes possible, but I don't see why a lump-sum contract could not have been made on basis of units.

Mr. McKenzie. Well, that is on the basis of a unit, you say?

Mr. Tissandier. It is not for the whole camp, but for units of labor or for such and such a group of buildings. I don't see why the contractor couldn't have taken a contract that way.

Mr. McKenzie. Well, as a matter of fact, the construction was very simple, was it not?

Mr. Tissandier. Very simple.

Mr. McKenzie. And it was practically identical; that is, in regard to all the buildings, it would have been possible for any contractor with experience to figure out the expense of labor and material, and to have estimated he would build that cantonment for so much r cubic foot construction for shelters?

Mr. Tissandier. Yes.

Mr. McKenzie. And so much for square yard for roads, concrete or macadam?

Mr. Tissandier. Yes, sir.

Mr. McKenzie. So much per unit of lineal foot for sewers?

Mr. Tissandier. Yes.

Mr. McKenzie. He could have made a bid, and then it would have been immaterial whether they put up such a plant to take care of a thousand men or 500,000 men. Do you believe it would have been possible to do that?

Mr. Tissandier. I think so.

Mr. McKenzie. Well, if that had been done, from your experience, what do you think the saving would have been to the Government?

Mr. Tissandier. Oh, I think the saving would have been 50 per cent.

Mr. McKenzie. About 50 per cent?

Mr. Tissandier. Yes (p. 1833–1835).

LEO WHITMORE, Cherry Valley, Ill. (pp. 1835–1843):

Worked at Camp Grant as laborer and ended up as labor foreman, under Bates & Rogers; later under Henry Ericsson & Co. With Bates & Rogers was foreman with concrete machine; had anywhere from 16 to 30 men. The men were put to work all right when they came on the job. In my line there was no loafing under Bates & Rogers; under Ericsson there was mismanagement at the head of it. They sent out forces of men about 3 in the afternoon, and they had to get on the pay roll to get lodging and supper. They did that daily; from 50 to 100 men. This happened during the months of September, October, and November, 1918. This was done at the instruction of Walter Ericsson on the Government's time; that is, they got their personal belongings and things together on Government time. I complained to Mr. Larson, the superintendent, and he said, "Go ahead, you are doing as well as can be done" (p. 1838).

Mr. WHITMORE. Teams checking in at the camp. A man would come up without a team and check out a team, and would check out again at night with one team. I suggested to the team boss that the men that had teams be on the wagons when they checked out. In one instance a man came up and checked out a team and he didn't have a team there. I happened to know the fellow and I kept an eye on him to see if he got his team, and I knew where he kept his team and I went down to where they were, and they were unharnessed and bedded. He had pay for full day with a team and the team was not there (p. 1839).

This was under Ericsson.

Mr. McCULLOCH. Do you think it would have been handled that way if the contract was on a lump-sum basis where the contractor was interested in getting the contract finished quickly?

Mr. WHITMORE. No, sir; it was not (p. 1840).

The loss to the Government on account of this was great.

Mr. McCULLOCH. Tell the committee what you mean by saying the men knew they could quit and get another job.

Mr. WHITMORE. If a foreman told the man he had to get busy, the first thing you knew he would be gone, and then he would show up on a roofing job at 70 cents; the next morning you would inquire about a man and you would find out he wasn't there, and he would have gotten work as a carpenter and be on a roofing job; soon as they found out they could do that, then the others found it out.

Mr. McCULLOCH. He was promoted for refusing to do his work as a laborer?

Mr. WHITMORE. Yes, sir.

Mr. McCULLOCH. He got more money and did less work?

Mr. WHITMORE. Yes, sir (p. 1841).

I am quite sure the superintendent of the contractor knew this.

Mr. McCULLOCH. Tell us why you say that; what do you know about that? Did they have their representatives around there to see what was going on; did you know they were there?

Mr. WHITMORE. When a fellow was hired out as a laborer and was with the foreman for a length of time and the foreman was well acquainted with Mr. Larson he would arrange with him to see Mr. Larson, and he would put him on another job.

Mr. McCULLOCH. Do you know of that occurring?

Mr. WHITMORE. Yes, sir.

Mr. McCULLOCH. Give us an instance of that.

Mr. WHITMORE. A young fellow who was on the street car went out as a laborer there, and was working on the Eleventh Street road and went to the foreman and had him recommend him to Larson, and the fellow's name also was Larson, and Larson met Larson, and he went on as a roofer.

Mr. McCULLOCH. Had he had experience as a roofer?

Mr. WHITMORE. I don't think so.

Mr. McCULLOCH. What was Larson's business; the Larson that gave the job, not the Larson that got the job?

Mr. WHITMORE. General superintendent.

Mr. McCULLOCH. Representing what contracting company?

Mr. WHITMORE. Henry Ericsson & Co.

Mr. McCULLOCH. Is there anything else you can bring to the attention of the committee?

Mr. WHITMORE. Laborers, if they wanted to go to work as a carpenter and they had any relations on as a carpenter foreman or anything like that; in one case another fellow was working on the street car here, his father was a foreman, and he took his son out and he got a permit for the son from the union and gave the union $3 for the permit, and he got in there and he pulled four more men off the street car and they went out and got jobs there. They went and got a saw and a square and went to work.

Mr. McCULLOCH. Were they able to do carpenter work?

Mr. WHITMORE. They could square off the end of a board or something like that.

Mr. McCULLOCH. Were they experienced carpenters?

Mr. WHITMORE. No, sir; they were not (p. 1842).

I account for it by the fact that they wanted to get all the men on the pay roll and get the percentage; the more they got, and the less they done, the longer it took to do it. That was the opinion of the men generally.

Maj. JAMES J. OVERN, United States Army (pp. 1844–1849):

I am stationed at Camp Perry; went into the Army January 4, 1918. Was in charge of construction work at the proving ground, Camp Perry. I employed carpenters' helpers on my work there; would promote the best laborers, giving them a 5-cent advance. The carpenters were receiving 60 cents first, later 65 cents; and later 70 cents. The carpenters' helpers were getting 50 cents an hour. The proportion would be 35 carpenters to 30 helpers on some work; normally 15 helpers to 30 or 35 carpenters. I attempted the system because we got more work done for the money. It was an incentive for the men that we selected; they liked that and we got results out of them; they were picked men, better than the common class of laborers.

Mr. McKENZIE. Did you have a smaller loss of waste of material in handling it that way?

Maj. OVERN. The loss and waste of material was taken care of by the general foremen and the superintendents around jumped on the foremen and made them keep the stuff out of the way and not scatter it around; lumber would be left around and that would be

picked up and not as much as people would possibly think, and carried to the scrap pile, and that was culled time and time again and reused. You would probably save money in doing that. For instance, we had a sheet around the bottom of the buildings to protect it against the air; it took pieces about 2½ feet long, and we just sent wagon after wagon—this was after the last building was done and the wagons came back with load after load with pieces of wood of the length that would do that. That was stuff apparently lost which had been taken to the scrap heap that was brought back and used there again (p. 1845).

I am familiar with the cost-plus contract. The only safeguard is the element of integrity and honesty of the contractors and the officers over them. If the officer happened to be untrained or inexperienced, it would depend directly on the skill and honesty of the contractor (p. 1846).

As to time checkers—at one time we had a good deal of trouble on the class of men, time checkers and material checkers; not so much material checkers, we had better experienced men for that; it was difficult, the war drawing away the younger men, about 25 or 27, who were best fitted for that kind of work. To get a good class of boys for time-checking work we got around that by using enlisted men, and we got very satisfactory results out of them.

Mr. McCulloch. Major, before we go into this matter about Perry, I would like to ask you if you know Gen. Littell?

Maj. Overn. No.

Mr. McCulloch. You knew his position; what was his position during the war?

Maj. Overn. When I went in there he was the head of the construction division.

Mr. McCulloch. Gen. Littell testified before the Military Affairs Committee of the House of Representatives and furnished the committee the wage schedule which is printed on pages 926 to 935, along there. On page 926 I notice they classify the carpenter labor and give the wages. You see, it provides for carpenters—giving the various wage scales in the various camps; carpenter foreman and carpenter helpers. I wish you would look at that and tell the committee whether or not that wage schedule contemplated, in your judgment, the employment of carpenter helpers.

Maj. Overn. I should say it did.

Mr. McCulloch. They have a schedule for carpenters' helpers?

Maj. Overn. Yes (p. 1846).

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Mr. McCulloch. The employment of carpenters' helpers would have meant a little larger saving, would it not?

Maj. Overn. Yes; you are getting the benefit of those same men in the line of carpenter work for 10 or 15 to 20 cents below what you would pay them if you were paying them as carpenters (p. 1847).

Camp Perry was constructed under the direction of the Emergency Construction Committee, and Mr. Lundorff was a member, the same Mr. Lundorff who afterwards had charge of the construction work at Camp Perry under the contract let to the Cleveland Construction Co. (p. 1849). A double-naught trench machine ought to have no trouble in doing a thousand feet a day of easy ditch digging of a 4 foot 18 inch trench, 4 feet wide (p. 1849).

Maj. ALBERT KALB, United States Army (pp. 1849–1860):

I held a temporary commission. Home in San Francisco; commanding auxiliary remount depot, Camp Grant. Commanding at Camp Grant twice; first from August 28, 1917, to September, 1918; returned May 11, 1919. When I first came, the auxiliary remount was under construction. I would say about one-third of the camp was completed when I came. I had a project of my own, the remount depot, which was about a mile and a quarter from the camp proper. That was just beginning to be constructed; we used sheds for shelter in each corral. The work apparently progressed satisfactorily; it was all flimsy construction. The plumbing was rather slow; I spoke to the foreman, Mr. Brau. He said he would do the best he could. I could not see that there was any improvement, or any more lagging. It just went along about as before. Mr. Brau told me if they pushed them they would quit or let down on the job entirely. He referred to the plumbers, mostly. The carpenters and common laborers where I was concerned did, I believe, a fairly good day's work (p. 1851). The installation of a cooking range and running water, with a sink, in my quarters, I figured the labor scale amounted to $105, including the outside grease trap to carry off the waste. It was the plainest kind of work (pp. 1851–1852). I spoke to the plumber about it. He told me they were only allowed to cut so many threads a day, loafing the rest of the time (pp. 1852–1853). I maintain, I say now, if we could have controlled the men and had them under the supervision of the officers, we could have done the same work with half the men (p. 1853).

Mr. MCCULLOCH. Yet you expressed the opinion that if you had been in a position to supervise the work, as it related to the carpenters, picking your men and going about as military men do, you would have accomplished it in half the time?

Maj. KALB. Perhaps it could be. I think a great deal in the saving of time could have been accomplished.

Mr. MCKENZIE. A good deal in the saving of money as well as of time?

Maj. KALB. Well, I suppose it could have been, of course, if the labor had cost less (p. 1854).

Col. HILDEN OLIN, United States Army (pp. 1854–1860):

Am colonel in the Regular Establishment; been in the Army 21 years. Am now executive officer at Camp Grant; been here since September 4, 1918. Have done contracting work in the Quartermaster Corps at Columbus Barracks, 1912–1916. Was at Camp Lee during construction period, September 21, 1917, to August 30, 1918; then came to Camp Grant. At Camp Lee the first thing that attracted my attention after I moved into one of the officers' quarters was the number of steam fitters that were there, day after day, taking up the radiators and the steam pipes—just the ordinary officers' set. To the best of my recollection, there were five or six—possibly more—steam fitters engaged in fitting up that one small building for the best part of a month (p. 1855).

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I finally said to the man who apparently was in charge: "Is the work all done?" "Yes," he said, "we are all through here now."

I said: "Thank God, I think we will be a little comfortable now." About a week later a man came over and wanted the keys to my so-called suite—I had two little rooms—and I went over to see what was wanted. The man and his assistant said they wanted to take some measurements. I said all right, and they took some more measurements, and the foreman said: "Well, we will have to take the thing out again." I said: "No. Are you going to take this out again?" He said: "Yes; they certainly made a h—— of a job out of this"; and so they took it down, and I gave up keeping tab on the workmen.

Mr. McCulloch. Colonel, your position indicates and you appeal to me as a man of experience. What would you say as to what was the cause of this? How could such a thing occur?

Col. Olin. Inexperienced foremen and most inexperienced mechanics. I couldn't call them mechanics—men of absolutely no experience in that line of work.

Mr. McCulloch. Yet they were being paid and on the job at steam-fitters' wages?

Col. Olin. Oh, yes, indeed. I don't suppose a steam fitter five years ago ever dreamed of such wages as they were drawing.

Mr. McCulloch. Colonel, was it entirely a lack of experience or was it, in addition to that, an unwillingness to work?

Col. Olin. Well, I think they had a hard-and-fast rule there that only so much work could be done per day, and if a man was too ambitious he was tipped off to beat it or cease his activities. The most wasteful proposition that I saw in the area in which I was stationed during the construction period was the numerous details that seemed to be necessary in putting the border around the heaters. Every squad room had a heater—a rather large size—and they put two by fours or four by fours around this border and then filled them with sand——

Mr. McCulloch. They called them sand boxes?

Col. Olin. Well, that is what they intended to put in originally, but the committee of two or three men, or possibly five men, would come in and look at the situation and it would take them about all day to put in a little 8-foot square—two by fours—and then probably in a week somebody would come along and say, "Ill be God damned, I wonder who put this in?" and take it out. I know of one room where they took it up, put it down and took it up, and, finally, to prolong the game, the last committee that came there put in an octagon frame for the sand box and one side of the octagon was about 2 feet long and the other side about 3 or 4 feet long—no shape at all to it, and the finishing touch was a simple square with sand in it, and after they had finished that some party came along and found out that they had put no tin underneath, so they had to pick up the furnace and put a thickness of zinc or tin underneath and bring the frame back.

Mr. McCulloch. How many times was that taken up and pulled our or changed?

Col. Olin. Well, I can state pretty positively four times.

Mr. McCulloch. And this was during the emergency, when they were constructing camps and housing American soldiers, when speed and efficiency should have been the watchword; is that right?

Col. OLIN. Yes, sir.

Mr. McCULLOCH. And yet, in the face of that emergency, these men were dillydallying around there, fooling around and doing the same work over three or four times, in consequence; is that right?

Col. OLIN. I think there were several reasons for that; they were overwhelmed with materials at times and they lacked competent foremen, and seemed to move too much building material from one place to the other at will.

Mr. McCULLOCH. Now, Colonel, being in the Army as long as you have, you have had to do with men and the leadership of men, handling men; what would you say if you had been building that camp, working under a lump-sum contract or a unit system, or if, as Gen. Goethals suggested, if you had been an Army officer consigned there to construct that camp—put it up—would you have permitted any such thing to occur?

Col. OLIN. I couldn't do it. It couldn't be done.

Mr. McCULLOCH. Do you think any such thing would have occurred with any reasonable man who had responsibility, as in that case; do you think he would have stood for it a minute?

Col. OLIN. Not one moment (pp. 1855–1856).

Gen. Cronkhite was commanding general of the Eightieth Division, commanding at Camp Lee during the period I referred to. I recollect an indorsement made by him on a claim for relief for loss of tools by a contractor, in which he said that he had never seen such inefficient, such worthless workmen in his whole life, or words to that effect (pp. 1856–1867). I found that eighty-five to ninety thousand men, sum total, had been employed during the construction of Camp Lee.

Mr. McKENZIE. Colonel, I want to ask you just one or two questions. There has been some criticism made of the investigation of war expenditures. Some people have said, "Why, what's the use? It is water that has gone over the dam; might as well forget it." It was a great achievement; we got the work done which we set out to do, and which is a credit to the American people. It was in the way a wonderful achievement, but unless this investigation will develop something that will be a benefit to the American people hereafter—and, of course, our Government is going to continue to exist—then the investigation has been a failure. There are several things to be taken into consideration in this investigation, and one thing in particular is the form of contract that was adopted by our Government under which the construction of these various cantonments should be carried on, and which is known to everybody as the cost-plus contract. I want to ask you as a man of experience what effect, in your judgment, did that system of contract have upon the morale of labor in this country?

Col. OLIN. I think it the most willful waste this country has ever seen.

Mr. McKENZIE. Now, Colonel, just following that thought out, isn't one of the most dangerous elements contained in that contract the effect that it has upon the laboring man to lead him to loaf on the job, to reason that it is immaterial whether he works or not, that his contractor will get his pay, and the more the cost the more his boss gets out of it; therefore, why should the laborer care; why

shouldn't he have his wages raised? Isn't that one of the effects of that kind of contract?

Col. OLIN. Yes, sir.

Mr. MCKENZIE. I want to ask you as a practical military man, in your judgment, is that maximum fee any safeguard to the Government against increased expenditures?

Col. OLIN. No, sir; absolutely not.

Mr. MCKENZIE. If you want to give your reason why, Colonel, we would be glad to hear you.

Col. OLIN. I have my own ideas about those matters, but they are simply personal.

Mr. MCKENZIE. If you would like to put your reasons in the record, why you think that is true, we would be glad to have you do so.

Col. OLIN. Why I think these so-called contractors made quite a little commission on their cash payments, which were enough to keep them going for many and many a day. The contractor didn't need any funds. He would go to the quartermaster and draw a hundred thousand dollars to-day and $200,000 to-morrow, and go in and buy two or three or four train loads of lumber, bill it to the Government at so much, and then he would get his little rebate on whatever it might be for cash.

Mr. MCCULLOCH. There was also the item of equipment?

Col. OLIN. Certainly, the Government furnished everything in the way of equipment.

Mr. MCKENZIE. Well, it was the understanding, however, was it not, Colonel, that all of these bills for material had to be approved before they were paid, but in some instances was not followed?

Col. OLIN. Yes.

Mr. MCKENZIE. What the procedure was at Camp Grant we have not as yet developed and do not know.

Col. OLIN. Well, the only thing I know is that the contractor would incur an expense of a hundred thousand or two hundred thousand a day, maybe not Sundays and holidays, but he drew his money as he needed it.

Mr. MCKENZIE. In those instances, Colonel, did the contractor draw the money in advance of the expenditure or had he incurred the expense and did he then draw the money?

Col. OLIN. Oh, that would be merely a presumption on my part. I presume he had incurred the expenditure but many of the vouchers had not been O. K'd. He kept drawing his hundred thousand or two hundred thousand dollars a day as he needed it.

Mr. MCKENZIE. He would take the bills of lading out of lumber, for instance, and the invoices?

Mr. MCCULLOCH. If that had been done on another system and the work properly planned, that matter would have perhaps been looked out for?

Col. OLIN. Well, the contractors had a great many things to contend with. In the first place, the railroads were more or less hampered with the troop movements and deliveries were not as certain as they were previous to the war. We had many things to contend with.

Mr. MCCULLOCH. If the contractor had been responsible and it meant a loss to him he would probably have seen to it that it was checked up (pp. 1857-1859)?

It was for the checkers to check the lumber. As soon as the train would arrive they would run down and break open these cars and take the stuff out before the checkers could get to them.

Mr. McCulloch. So that you felt, in view of those circumstances, the quartermaster was not responsible?

Col. Olin. Absolutely not.

Mr. McCulloch. And that the responsibility, if it could be placed at all, should be placed on the contractor for that kind of conduct?

Col. Olin. Yes, sir (p. 1859).

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Mr. McCulloch. If the contractor had been responsible and it meant a loss to him he would probably have seen to it that it was checked up?

Col. Olin. Yes, sir.

Mr. McCulloch. Isn't that the principle to the whole thing?

Col. Olin. Yes, sir.

Mr. McCulloch. That they didn't feel that responsibility and therefore didn't attend to it; is that correct?

Col. Olin. Yes, sir (p. 1860).

Col. Charles C. Burt, United States Army (pp. 1860–1865):

Am a member of the Regular Army, 21 years' service; division quartermaster, Sixth Division, Camp Grant. I was there from the 25th of August, 1917, to July 13, 1918. About a half of the camp was completed when I arrived on the 25th of August; I mean our camp on this side of the railroad, not that part beyond. Bates & Rogers were the contractors. I had nothing to do with the construction; my interest was in having shelter for the men.

I traveled about the camp a great deal, and my principal observation was the slowness, indifference, and inefficiency of labor, together with the lack of overseeing. Maj. Sawyer, who was in charge of the thing, I believe, tried to spread his men over too large an area, and had the men been good workmen, then it probably would have gone all right; but as it was, I believe that he should have had more inspectors on the job to keep in closer touch with workmen.

Mr. McCulloch. Your observation was that there was idleness?

Col. Burt. Yes, sir.

Mr. McCulloch. And inefficiency and lack of interest?

Col. Burt. Yes, sir.

Mr. McCulloch. And you account for it because of inadequate supervision; is that correct?

Col. Burt. In part; yes, sir.

Mr. McCulloch. Will you give us now more in detail your views? You have mentioned them in part.

Col. Burt. Well, I have noticed out there there would be a gang of two men working on one building and half a dozen in another place and a dozen in another and a few scattered around here; we will say 15 or 20 under one so-called timekeeper or supervisor. He would come in and say, "How do you do, boys? How are you getting along?" And they would stop and talk it over, and then he would go on and talk to the next man, and they wouldn't work any more while the supervisor was there than when he wasn't there, and vice versa (p. 1861).

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Col. BURT. Yes. One observation I made one day in regard to one carpenter; he worked two full days in putting on a door and a casing with a thin partition.

Mr. McCULLOCH. Now, the direct supervision of the men and the control of the organization was not under the quartermaster's control?

Col. BURT. No.

Mr. McCULLOCH. It was under the contractor?

Col. BURT. Yes; and anything which they considered as intrusion on the part of the officers was resented by the workmen.

Mr. McCULLOCH. How is that?

Col. BURT. Any so-called intrusion or interference on the part of the Army officers in connection with the construction was resented by the workmen; they were working for Bates & Rogers and didn't want to have anything to do with anybody else.

Mr. McCULLOCH. Was that true of the foremen?

Col. BURT. True of everybody.

Mr. McCULLOCH. Was it true of the superintendents?

Col. BURT. It was so far as I came in contact with any of them.

Mr. McCULLOCH. You found that they resented interference on the part of Army officers?

Col. BURT. Yes, sir.

Mr. McCULLOCH. I suppose that was true with respect to any interference or suggestions on the part of the Quartermaster Corps?

Col. BURT. Yes, sir.

Mr. McCULLOCH. So that the responsibility for proper supervision—and by proper supervision I mean the directing of the men as to what should be done in a systematic way—was under the control of the contractor?

Col. BURT. Yes, sir.

Mr. McCULLOCH. And you say there was not sufficient supervision?

Col. BURT. I think not, sir.

Mr. McCULLOCH. I wish you would, then, state again the result of that lack of supervision as you saw it.

Col. BURT. It was just this: No man did a day's work; that is the only way you can describe it; he would go out there and put in his eight hours' work and do as little as possible.

Mr. McCULLOCH. And the final result of all that was that the camp and the construction at the camp was delayed?

Col. BURT. Yes, sir (pp. 1861–1862).

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Mr. McCULLOCH. Would you mind telling us about that?

Col. BURT. There was a low place around the building which they wanted to drain, and to do so they dug a big sump about 6 feet square and put 2 by 12's down in this big sump, and then were shoveling the dirt back from the outside of the sump; there were two men working there—laborers—filling in this dirt, and the dirt had to be moved, I imagine, about 10 feet, and I never saw such an exposition of camouflage work as that was in my life; each man would very dramatically stoop over and come up with about half a shovelful of dirt, then very laboriously and very slowly (in fact, I don't see how he worked there as slow as he did) take this half

shovelful of dirt, walk over, and throw this dirt in, then stand on his shovel and look around, and when he got through with that he would trek back to the other end. I know I could have shoveled in an hour more than they shoveled in a day.

Mr. McCulloch. Was this situation in regard to the labor—the idleness of the men on the job—common talk among the men and throughout the camp?

Col. Burt. Yes, sir; I was pretty well acquainted with Maj. Sawyer, and he was very much worried about it, and very sincere in his worriment, apparently, about the poor grade of labor he got, and how they worked and how they didn't work.

Mr. McCulloch. Of course, the labor was furnished by the contractor?

Col. Burt. The labor was furnished by the contractor; yes, sir (pp. 1862–1863).

Mr. McCulloch. About the plumber who reported at noon he had finished his job, and who was told that the work he had finished in half a day was a two days' job and was fired?

Col. Burt. That occurred in the case of an electrician. A young man who was a student of electricity in an electrical works.

Mr. McCulloch. Tell about that case.

Col. Burt. He was put on some slight job, as I remember, in the same building in which I lived, the division headquarters. I saw the young man working there, and, of course, paid no attention to what he was doing, and the next I heard of it was from Maj. Sawyer himself. He referred to the matter. I remember having seen the young fellow working there, and I identified him as the same man. He told me, then, when he went back and reported to his foreman or boss that his job was then completed he fired him right there. He said, "You d—— fool, that was a two days' job."

Mr. McCulloch. Do you remember what year that was, about?

Col. Burt. That was in 1917 (p. 1863).

Mr. McCulloch. Colonel, from your experience in handling men, having been put on that job as quartermaster to construct that camp and get it completed, what is your opinion as to how quickly it could have been done in comparison with the time it took to do it?

Col. Burt. Well, there are a great many things to be considered there. Building that camp or the expense at that time was one of the biggest things that ever occurred in the Army.

There was no Army organization fit to jump in and start the job; they didn't have the equipment, and I don't believe the contractors had any idea of what a tremendous task it would be; but had the Army had equal facilities as the contractors, I think I could have completed that task in half the time with military men.

Mr. McCulloch. So that if it took the contractors twice as long there must have been some cause for that?

Col. Burt. Yes, sir.

Mr. McCulloch. And what do you think that cause was?

Col. Burt. Labor.

Mr. McCulloch. And the method of handling the labor?

Col. Burt. Yes, sir.

Mr. McCulloch. Do you think the form of contract which placed on the contractor practically no responsibility in connection with carrying out the contract had anything to do with it?

Col. BURT. Very likely it did, because the more time you took the more you made, up to a certain limit.

Mr. McCULLOCH. Isn't it true if a firm had a contract under a lump-sum basis, where this inefficiency, this idleness, and this failure to supervise labor, all of which you have told about, was going on they would see to it that it was remedied and that it didn't continue?

Col. BURT. They certainly would, if they had any sense.

Mr. McCULLOCH. So that the things you have referred to would flow naturally all along?

Col. BURT. Yes, sir.

Mr. McCULLOCH. From the contract?

Col. BURT. Yes, sir; if I had received orders from the military authorities to proceed with that work and they would furnish the necessary personnel and apparatus I am positive it could have been done so, because myself and my assistants would have been on the job all the time.

Mr. McCULLOCH. In what time do you think it could have been done?

Col. BURT. In half the time.

Mr. McCULLOCH. In half the time?

Col. BURT. Yes, sir; with the contractor the way they worked out there, if a man loafed they would fire him and get a worse one in his place or he would have some pressure and get back, and they wouldn't fire him again.

Mr. McCULLOCH. My attention has been called to the fact that Bates & Rodgers's contract expired or that they left the job some time the latter part of 1917, and that Beckstrom then went onto the job, and then later Ericsson. Now, the first difficulty at the time to which (p. 1864).

Mr. McCULLOCH. In face of the emergency and the necessity that compelled you as an administrative officer there to take care of these men, how do you regard such an attitude on the part of the workmen and on the part of the contractors and their agents?

Col. BURT. Bolsheviks.

Mr. McCULLOCH. How?

Col. BURT. Bolsheviks (p. 1865).

E. L. BENSON, Belvidere, Ill. (pp. 1865–1870):

Worked at Camp Grant. Bought some old skates of horses from the Government; fitted them up with wagons and harness and put them to work at the camp teaming; hauling material from one place to another, out there and back again. Teams kept pretty busy; at times they got a day's work out of them; other times they did not. Method of handling the teams was the most inefficient I ever saw; I would not have stood for it for a minute (p. 1865–1866). I do not see how it could have been much worse.

Mr. McCULLOCH. Tell us, now, in what way it was bad?

Mr. BENSON. Well, they would haul material up to one end of the camp, and then there would be too much there, and they would haul it to the other end of the camp, and then maybe there would be too much there and they would haul it some other place.

Mr. McCULLOCH. Once you got it on your wagon you wouldn't throw it off again until you put it in the proper place?

Mr. BENSON. Yes; but they would be taking it off and unloading it and then loading it up again.

Mr. McKENZIE. Let me interject there. Do I understand you to mean that it stayed there only until after they got it off the wagon?

Mr. BENSON. Yes; there would be too much there, then it was hauled to some other place, and there was too much there, and it was hauled away again.

Mr. McKENZIE. At every place you would unload it?

Mr. BENSON. Yes, sir; it would maybe stay there a week and maybe a day, and maybe until that job of concrete was finished, and then it would be taken somewhere else.

Mr. McCULLOCH. So that the effect of it was that a good deal of the material was handled over and over again?

Mr. BENSON. Yes, sir; a good deal of it. They wanted to have sufficient there; it was cheap. The saying was that the Government had lots of money; if they didn't they could sell us some more bonds and give them our money that we were earning.

Mr. McCULLOCH. Was this inefficiency around there common talk among the people working at the camp?

Mr. BENSON. Yes, sir.

Mr. McCULLOCH. What would you say, Mr. Benson, about the waste of materials—lumber and other materials?

Mr. BENSON. The waste of materials? There is a mountain of it there now.

Mr. McCULLOCH. Here at Camp Grant?

Mr. BENSON. Camp Grant; yes, sir. I tried to get it for the Red Cross or the Salvation Army, but I couldn't get it; but it is there yet, or most of it. It is in the new district, but I understand there was a good deal over near the river, in the old contract; that mountain wasn't quite as high or quite so broad; I guess it was 10 or 15 rods long and 10 rods wide, probably. I may be mistaken in the distance, but it is there now.

Mr. McCULLOCH. You say there are good materials, part of which is lumber, there now?

Mr. BENSON. Yes, sir; I wish I had it to build with.

Mr. McCULLOCH. Are there other materials there?

Mr. BENSON. Nails. Anyone wanted a handful of nails and there wasn't any handy, he broke open a keg and left it there to rust; never carried it in under a shelter.

Mr. McCULLOCH. What do you say as to the waste of materials generally; was it great or was it small?

Mr. BENSON. Well, I think it was great, because I helped to pay for it.

Mr. McCULLOCH. If the work had been done in an efficient manner, under a contractor who wanted to do it as cheaply and economically as possible and at the same time as expeditiously as possible, what would you say?

Mr. BENSON. Why, there should have been a man or two around there to see that the stuff wasn't wasted, to see that it was taken care of, to see that the material wasn't all scattered all around under foot, to see that it was piled in a nice pile, to see that the stuff that they used and could be used over was there to be used again. I have worked for contractors under private contracts where there was the

cost-plus system, but there never was any waste of materials. They saved that and used it again and again in concrete work.

Mr. McCulloch. Can't you account for it being wasted here?

Mr. Benson. Why, they said the more that it cost, the more that Ericson got out of it. That is what the common talk was around there. I don't know. I suppose that is the fact, but there was a building burned up one Saturday night. I always supposed it was to burn the records, but I understood later that the records were in the brick building adjoining it. The building was afterwards rebuilt. After moving the office, which is over in another building, this buiding was rebuilt; I don't know why; it was after the armistice and they were quite comfortably housed there where they were (pp. 1867–1868).

* * * * * * *

Mr. Benson. Why, they couldn't have been efficient, the way the work was being conducted. There was one man that was a foreman on the road there, making the grade of the road; didn't know what a pair of doubletrees and whiffletrees were; I suppose he was a clerk, and always lived in the city (p. 1868).

I would say the waste of material was very great, and willful; I do not see how it could be anything else (pp. 1868–1869). Under efficient management, the work could have been done with fewer teams.

Lieut. L. F. Pape (pp. 1870–1873):

Am in the Army; assistant division quartermaster at Camp Grant. Was there during the contract period, assigned to organize the fire department. Have a comparison I can give you as to the advance in the cost under the original construction by the contractor under a cost-plus contract and one put up by the quartermaster on the regular labor scale in April, 1918. It was a mule shed and burned down. It was No. 737 west. I estimated the fire loss at $600 and was told my estimate was away low; that the cost was approximately $2,200, which figure I authenticated to-day by calling on the utilities department, and got from them the approximate cost of a building of that type. And they gave me that figure. At that time that would be the only loss I had had, and I wanted to keep it down as far as possible, so I told the quartermaster's department to give me the absolute cost and the figures ran a very few dollars over my $600 estimate. I don't think it was $25 over, and you could figure in there about $75 salvage.

Mr. McCulloch. That is, you salvaged $75 worth of material?

Lieut. Pape. About that of material.

Mr. McCulloch. And you replaced the building?

Lieut. Pape. Replaced it for approximately $600, on an estimated Government cost of $2,200.

Mr. McCulloch. Lieutenant, do you know anything about the comparative costs of the two-story barracks; can you give us some idea of the actual costs and of the estimated cost, if it had been done under the quartermaster?

Lieut. Pape. I figure that the buildings could have been done under the old construction about 55 per cent cheaper.

Mr. McCulloch. Than they were done?

Lieut. Pape. Yes, sir.

Mr. McCulloch. Now, would you give the committee the benefit of your method of figuring? How do you arrive at that conclusion?

Lieut. Pape. I would figure from partial experience I had in civilian life along that line on contracts.

Mr. McCulloch. And it is your opinion they could have been built, as I understand, for 55 per cent of what they did cost you?

Lieut. Pape. Yes, sir.

Mr. McCulloch. Or rather that would be 45 per cent?

Lieut. Pape. 45 per cent.

Mr. McCulloch. 55 per cent cheaper?

Lieut. Pape. Yes, sir (p. 1871).

I saw men discharged from one gang hired on another out there (p. 1872).

Lieut. Pape. I applied to Bates & Rogers when the contract was partially expired. I had a civilian force of 80 men under me and I had about two-thirds of them quit because I tried to drive them, and the next man that I would fire probably would come back in my gang that afternoon—hire out under some different time checker. We would send in a request for 15 to 20 men and I would probably get the same men back in the afternoon.

Mr. McKenzie. What do you mean by "driving," Lieutenant? You mean you wanted them to do more than an ordinary day's work?

Lieut. Pape. The work I had to do—I was foreman of the men building pail racks; that is, a rack that will hold from two to five pails for fire buckets. I had one gang of men making those on a band saw and I had about 30 laborers putting them in the building. I had several of my sergeants working in this labor gang and when they would try to install a certain number of racks the men would get tired and want to loaf, and when we would try to keep them on the job they would quit.

Mr. McCulloch. And then if you would fire them and would call for additional men you would get the same fellows back?

Lieut. Pape. Yes, sir; in several instances we would get the same fellows back in the afternoon (pp. 1872–1873).

Col. William H. Oury, United States Army (pp. 1873–1894):

Am colonel in the Regular Establishment; been in the Army about 21 years.

Mr. McCulloch. Where are you now assigned?

Col. Oury. I am stationed at Kansas City, Mo.

Mr. McCulloch. And you are here under orders from the War Department to-day?

Col. Oury. Yes, sir.

Mr. McCulloch. Colonel, were you at any time connected with the Quartermaster Corps under Gen. Littell, who was then Col. Littell?

Col. Oury. Yes, sir; I was on duty in the Quartermaster General's Office from some time in June, 1914, until June, 1917.

Mr. McCulloch. What department of the Quartermaster General's Department?

Col. Oury. In the construction division.

Mr. McCulloch. What, if anything, do you know, Colonel, about the preparation of plans for the construction of shelters for soldiers?

Col. Oury. Plans were prepared in the office of the construction division.

Mr. McCulloch. They are printed, as I understand, in Appendix 16 of the Quartermaster's Manual, 1916; is that right?

Col. Oury. Yes, sir; that is correct.

Mr. McCulloch. Did you have anything to do with the preparation of those plans?

Col. Oury. Yes, sir. I didn't have anything to do with the drawing of the plans. I revised them with the construction men and the architect we had in the office, and I went over the plans with him—assisted Col. Littell.

Mr. McCulloch. You were giving this situation consideration, as I understand, Colonel, because of the emergency in Mexico; is that right, or was this prior to that?

Col. Oury. Well, that was one of the reasons why we were doing it. There was a demand for a shelter of that sort and then again we were always anticipating or trying to anticipate the needs of the War Department in case anything should develop along that line.

Mr. McCulloch. From the time the European war began, state whether or not your department was concerned more or less at all times with the probability that the United States might enter the war and the necessity that might arise therefrom along that line.

Col. Oury. Well, we, of course, knew that we might be drawn into it, although there wasn't anything to indicate such a possibility, from one's personal opinion about it, but inasmuch as this World War might embroil us, we figured we might better make such preparations as we could, although we couldn't say anything about it.

Mr. McCulloch. As a matter of fact, your department did anticipate, and very properly so, it seems to me, that we might get into the war and you began laying your plans somewhat accordingly. Isn't that true?

Col. Oury. That is true; yes, sir.

Mr. McCulloch. With the result that the plans for the shelters and the taking care of the soldiers was carefully gone into; is that correct?

Col. Oury. Yes, sir.

Mr. McCulloch. This appendix, printed and, as I understand, with the exception of the two-story barracks and the latrines, the plans which had been prepared in your department, probably to some extent, maybe to a large extent with your assistance, was used?

Col. Oury. These were prepared.

Mr. McCulloch. They were prepared, and they were in fact used, with the exception of the two-story barracks and the latrines, isn't that correct?

Col. Oury. Well, that isn't quite all of it. We had not prepared plans for ice plants——

Mr. McCulloch. But I am talking about the shelter itself?

Col. Oury. Yes; the shelter itself we had prepared.

Mr. McKenzie. The preparation for hospital facilities is under the Medical Corps, as I understand?

Col. Oury. That is under the Medical Corps; yes, sir; they prepare their own plans, and we do the work; that is, the Quartermaster Corps does.

Mr. McCulloch. Now, Colonel, do you know the history of the change from the one-story to the two-story barracks?

Col. Oury. Yes; I do.

Mr. McCulloch. I wish you would tell the committee just what occurred and the arguments pro and con, for and against, the two-story barracks, and so on?

Col. Oury. Well, we had not considered until quite some time after war was declared anything but the one-story building, because of the temporary character of the construction. The first I knew of it, and I believe I am correctly stating it—that was the first time that thing had occurred in our offices, was through a couple of Canadian officers who had had charge of construction in the Canadian camps. They came into the office with plans of two-story barracks which they said they had been using to great advantage in their camps.

Mr. McCulloch. Now, just a little interjection there for a moment. As I understand, this discussion was in the Quartermaster's office?

Col. Oury. Yes, sir; it was.

Mr. McCulloch. In the Construction Corps of the Quartermaster's office; is that correct?

Col. Oury. Yes, sir; that is correct.

Mr. McCulloch. The Army was giving consideration to the two-story barracks proposition?

Col. Oury. That is true.

Mr. McCulloch. Go ahead with what the discussion was.

Col. Oury. Well, I would like to say in getting out our plans for the one-story building, this was under the arguments used, the supply of lumber as commercially cut was a big factor; for instance, they cut in the mills, or at least we were so informed—I am not a mill man—that certain lengths of lumber, they cut a certain per cent 10 feet, and a certain per cent 12 feet, and a certain per cent 14 feet, and so on, and we tried to plan these buildings so that the commercial supply of lumber could be used without waste. For instance, you would not cut off 1 foot or 2 feet, but make it fit into the building. And I think we had pretty successfully accomplished that. That is one reason why I stood out myself for the one-story building.

Mr. McCulloch. You did that to avoid waste of lumber.

Col. Oury. To avoid the waste of lumber. There was another factor; the one-story building would not house one company; we figured at least three buildings were necessary. That is the way I looked at it from my experience in handling troops; that was the only thing in handling green troops; they all had the measles and the mumps and the rest of it, and if you have to quarantine the whole company you throw the whole company out; if you have smaller buildings it throws out that fraction of the building and the rest can go on training. That was quite a factor, and it turned out to be that way in their training; that was another factor. And the speed with which it could be put up was another factor. It would require a greater speed in handling lumber. That was the argument for.

On the other side they took the position that the greater extent of ground and the extent of sewers and roads and water mains, etc.,

would be more than the cost of the two-story buildings. Those were practically the arguments. I, myself, was in favor of the one-story building up to the time I left the department.

Mr. McCulloch. Do you think now the one-story barrack would be more speedily constructed?

Col. Oury. I think there is no question about it.

Mr. McCulloch. Well, in this situation speed was very near all important, was it not?

Col. Oury. So we considered it; yes, sir.

Mr. McCulloch. To pursue the matter of speed, the argument for speed—speed was necessary in order to get soldiers trained?

Col. Oury. That was the point.

Mr. McCulloch. And your plan was a temporary housing of men who could be promptly put into training?

Col. Oury. That is the idea.

Mr. McCulloch. You were seeking men, and not buildings?

Col. Oury. That is the point.

Mr. McCulloch. And your arguments as to the diseases that would result from bringing men together, which would always occur, as you said, and which would probably delay training, would have been reduced considerably if the companies had been divided up and housed in three buildings rather than one; is that it?

Col. Oury. That is the idea.

Mr. McKenzie. Colonel, what part, if any, did the Surgeon General of the Army take in that discussion?

Col. Oury. He took a very firm stand of not only small buildings but cabins of eight men, and came very near forcing them on the Army.

Mr. McKenzie. He was absolutely opposed to the two-story buildings?

Col. Oury. Yes, sir.

Mr. McKenzie. And as a matter of fact you and he agreed.

Col. Oury. On the principle; I did not agree with him on the very small units, because of the lack of supervision of all of the green men which would result.

Mr. McCulloch. What do you say as to whether or not it would have taken up twice as much land?

Col. Oury. I don't think it would; and the fire hazard would have been reduced; they would have been closer together.

Mr. McCulloch. But in the final analysis, as I understand you, you were overruled and the two-story barracks was adopted?

Col. Oury. I was overruled absolutely.

Mr. McCulloch. Did that occur before you left the quartermaster's office in Washington?

Col. Oury. That occurred about the time I left.

Mr. McCulloch. What part, if any, did the emergency construction committee play in the change or in the adoption of the two-story barracks as against the one-story barracks, if you know?

Col. Oury. I think they favored it; that is one of the reasons my chief went that way.

Mr. McCulloch. That is Col. Littell, is it?

Col. Oury. Col. Littell.

Mr. McCulloch. And he accepted their judgment?

Col. Oury. He accepted their judgment.

Mr. McCulloch. Was Col. Littell for the one-story barracks to begin with, as you recollect the situation?

Col. Oury. Well, he approved them; the plans were approved; had to be approved not only by Col. Littell but the quartermaster himself before they got into it.

Mr. McCulloch. Is it a fact, so far as you know, that the emergency construction committee influence or attitude was determinative of the action finally taken?

Col. Oury. I understood then, and so think now, that it did.

Mr. McCulloch. Of what did the lumber committee have to say about it, if you know, about that time?

Col. Oury. Well, I was the Government representative on the lumber committee and had a chance to know something about that, although I was not especially active, because there was not much I could do; they were very much opposed to a change in the specifications of the lumber and protested vigorously.

Mr. McCulloch. To the two-story?

Col. Oury. To the two-story; it meant an entire change. You see, they had mapped out a supply of lumber in the country to meet the buildings in accordance with the plans that had been given to them by our office; the number of men in the houses; the type of buildings that were necessary, and they had tried to place, and I thing conscientiously tried to place, this lumber where it would not be conflicting, without robbing one camp and supplying another; and this upset their whole scheme at the time.

Mr. McCulloch. With the result, according to any process of reasoning, that there was delay and waste; isn't that true?

Col. Oury. Well, there was a great deal of waste, I think, beyond question; how large a part it played in the delay I am unable to say. My opinion is that it did delay the construction.

Mr. McCulloch. And you so urged, did you not, before the various committees that you had to deal with, and your superiors? As I understand, that was a part of the arguments used.

Col. Oury. I did not appear before the committee.

Mr. McCulloch. I mean, you were a member of the one committee.

Col. Oury. The lumber committee. I urged my chief, Col. Littell, to stick to the one-story. And the lumber committee people—well, late in the day I was able to report to them that we were going to, and then shortly after that I had to reverse my report; and the following day I was relieved.

Mr. McCulloch. You were relieved at Washington?

Col. Oury. I was relieved at Washington.

Mr. McCulloch. Did you ask to be relieved?

Col. Oury. I did.

Mr. McCulloch. Do you object to telling the committee why?

Col. Oury. Well, my usefulness I considered to be over; that was one reason. I rather objected to being a rubber stamp or a figurehead.

Mr. McCulloch. Was it your opinion, Colonel, that the men who were handling troops, who had made their life work the handling of troops, that their opinion should have weighed in these very important matters in this emergency?

Col. OURY. Well, I think they should. I haven't a question but what the opinion of Col. Littell was taken. It probably is true that Col. Littell's opinion and mine differed; that is where the trouble came in.

Mr. McCULLOCH. You are talking now of Col. Littell's decision?

Col. OURY. Well, he undoubtedly gave a decision according to his opinion.

Mr. McCULLOCH. Well, he has testified before this committee that he yielded to the superior judgment, as he put it, to the opinion of the committee on emergency construction.

Col. OURY. Yes; I read that.

Mr. McCULLOCH. So that at least in some instances I believe the testimony indicates that in most instances he regarded the emergency construction committee somewhat as the superior and accepted their judgment. Time and time again he says in his testimony that he yielded to what he regarded as the superior judgment of the committee on emergency construction.

Col. OURY. I had the feeling that they were so regarded as superiors, and so far as my services were concerned they would be more useful elsewhere.

Mr. McCULLOCH. And when you say you did not desire to be a rubber stamp you felt that your opinions, in the light of your experience and the work you had put on, should have weighed and that you should not be called upon to accept their opinions?

Col. OURY. That is my viewpoint.

Mr. McKENZIE. The emergency construction committee was composed largely of large contracting firms or of persons representing contracting firms and architects?

Col. OURY. Yes; some architects and town planners; yes, sir.

Mr. McCULLOCH. Colonel, now going to your qualifications again to deal with this subject and with the contracts that the Government would be called upon to enter into the construction of these camps, I will ask you whether or not it is a fact that from 1914 on up until you were relieved from duty in that department that had been the principal part of your business, to give attention to the housing of troops, the preparation of plans, the letting of contracts for the construction of temporary shelters, and other kinds of shelter; had that largely been your business?

Col. OURY. That had been entirely my duty in the Quartermaster General's Office.

Mr. McCULLOCH. So that in connection with your work and in line with your duties you had made a study of the immediate necessities and the probable necessities that might grow out of an emergency; is that correct?

Col. OURY. Yes; that is true; I had to make more or less of a study from the very nature of my work.

Mr. McCULLOCH. It was your business?

Col. OURY. It was my business.

Mr. McCULLOCH. You devoted your time largely to that; is that correct?

Col. OURY. That is correct (pp.1874–1879).

Mr. McKENZIE. You made a study of the elements of the contracts, however?

Col. OURY. Oh, yes.

Mr. McCULLOCH. And as a practical proposition did you give consideration to and weight to the various safeguards that would ordinarily be placed in a contract to protect the Government against loss?

Col. OURY. Well, the form of our contract, as you know, was pretty well safeguarded in the advertising scheme, advertising and taking the lowest bidder.

Mr. McCULLOCH. You were familiar with those contracts?

Col. OURY. Yes, sir.

Mr. McCULLOCH. It was the lump-sum contract system?

Col. OURY. Yes, sir; we were not familiar with the cost-plus contract at all at that time (p. 1879).

Col. OURY. Yes, sir.

Mr. McCULLOCH. You were then giving consideration to all the various form of contracts?

Col. OURY. As I remember it; yes, sir.

Mr. McCULLOCH. Which included the cost plus?

Col. OURY. Yes, sir.

Mr. McCULLOCH. The emergency construction committee, as I understand it, Colonel, was organized and therefore became an active force on April 28, 1917. Is that right?

Col. OURY. Yes, sir (p. 1880).

Mr. McCULLOCH. On April 21, 1917, there was a letter written to Hon. Thomas S. Martin, United States Senator, which was signed "Thomas Cruse, brigadier general, Quartermaster Corps," and which is initialed WHO–P; the letter is marked ICDQ–88 for the purpose of identification. I wish you would look at that letter, Colonel, and tell us what, if anything, you know about who wrote it, and so on. I am handing the witness a carbon copy of a letter taken from the files of the War Department.

Col. OURY. I wrote the letter.

Mr. McCULLOCH. Now, at that time, Colonel, a decision had not been arrived at to make the contracts under the cost-plus system.

Col. OURY. No; it had not. But we were discussing it, however.

Mr. McCULLOCH. You were discussing it, and I direct your attention to the last four lines in the letter, in which you say, "In all probability this work if authorized will be done after extensive advertisement, and the said construction company will be given an equal opportunity to bid on such material for such work as may be required." That was on April 21, 1917.

Col. OURY. That was probably more or less of a form that we had at that time. You must remember that about that time there were about 10,000 contractors in the United States either writing to or visiting Washington.

Mr. McCULLOCH. And if the decision had been made the chances are that that form of letter would not have been used. Isn't that right?

Col. OURY. I don't think that would have been used if that had been made.

Mr. McCULLOCH. I want to trace that, Colonel, the history of the cost-plus contract, and I feel that these letters are in line with the facts as you have stated them and as they exist.

The letter I have referred to may be inserted in the record in full at this place.

(The letter referred to is as follows:)

APRIL 21, 1917.

Hon. THOMAS S. MARTIN,
United States Senate.

MY DEAR SIR: Your letter of the 20th instant stating that Mr. Forbes, representing the Central Construction Corporation, engineers and contractors, Harrisburg, Pa., has advised you that this company is making an effort to secure from this department a contract for the construction of the "division camps which are shortly to be located and erected," and that you believe this company to be financially and constructively able and equipped to do any work of this character, etc., has been received.

In reply, I have the honor to inform you that your letter has been listed for future consideration when funds are appropriated by Congress for an increase in the size of the Army requiring additional temporary shelter at camps. No doubt considerable temporary construction will be done at camps throughout the country, but at the present time it is not definitely known what action will be taken by Congress relative to the size of the Army. In all probability, this work if authorized will be done after extensive advertisement and the said construction company will be given an equal opportunity to bid on such material or work as may be required.

Very respectfully,

THOMAS CRUSE,
Brigadier General, Quartermaster Corps.

WHO-P.

Mr. McCULLOCH. I also hand you a letter, dated April 25, 1917, and addressed to Hon. Charles P. Coady, House of Representatives, and signed evidently by the Secretary of War and initialed WHO-RMJ, and marked "ICDQ-89" for identification, being a carbon copy taken from the files in the War Department [handing letter to the witness].

Col. OURY. This is also a letter dictated by me.

Mr. McCULLOCH. We will make this letter a part of the records.

(The letter referred to is as follows:)

APRIL 25, 1917.

Hon. CHARLES P. COADY,
House of Representatives.

DEAR SIR: I have the honor to acknowledge receipt of your communication of the 23d instant relative to the awarding of contracts for barracks for the Army.

In reply thereto you are informed that this office is now experimenting with certain types of temporary buildings with a view of ascertaining their suitability for sheltering the proposed increase in the Army.

It has not been definitely determined what method will be followed in the construction of these buildings, as so much depends upon the number of troops to be provided for and the amount of funds which will be available for sheltering such a force, which matters are now pending in Congress.

If, however, it is decided to do this work by contrct or contracts the same will in all probability be extensively advertised for beforehand, and if you so desire the name of your constituent will be listed and he will be advised when bids are called for.

Very respectfully,

——— ———, *Secretary of War.*

WHO-RMJ.

Mr. McCULLOCH. I call your attention to the last paragraph, which says:

If, however, it is decided to do this work by contract or contracts the same will in all probability be extensively advertised beforehand, and if you so desire the name of your constituent will be listed and he will be advised when bids are called for.

I also hand you, Colonel, a letter dated April 30, 1917, signed I. W. Littell, colonel, Quartermaster Corps, and it is to the South-

ern Sales Co., 1709 G Street NW., Washington, D. C., and initialed WHO–HCL. That letter is dated about two days after the Emergency Construction Committee got under way, or got organized, and is a carbon copy taken from the files of the War Department, and five days after the writing of your letter dated April 25, 1917, and which is marked "Exhibit ICDQ–89" [handing letter to the witness].

Col. OURY. Yes; that was dictated by me.

Mr. McCULLOCH. In this letter I call your attention to the last four lines of the last paragraph:

It is the intention of the department to do this work on a percentage basis, and of course in that event the matter of what is included in the cost should be arrived at later should you be selected to perform a part of the work.

That letter may be inserted in the records.

(The letter referred to is as follows:)

APRIL 30, 1917.

The Quartermaster General of the Army.
The Southern Sales Co., 1709 G Street NW., Washington, D. C.
Construction of Cantonments.

1. Replying to yours of the 27th instant, under separate cover you will find a set of plans for temporary building which it is now proposed to use for housing our increased Army. They are not knock-down buildings, as would be inferred from your communication, but are temporary buildings of a fixed type.

2. We would be pleased to hear from you at your convenience on prices, accompanied by a statement of your facilities for constructing buildings of this type. It is the intention of the department to do this work on a percentage basis, and, of course, in that event the matter of what is included in the cost should be arrived at later should you be selected to perform a part of the work.

I. W. LITTELL,
Colonel, Quartermaster Corps.

WHO–HLC.

Mr. McCULLOCH. So far as you were advised, therefore, the decision must have been made in the interim between the writing of the one letter and the writing of the other letter.

Col. OURY. I don't remember just what occurred, of course; there has been too much of other things happened, and I don't remember the details.

Mr. McCULLOCH. The letters are authentic?

Col. OURY. They are authentic.

Mr. McCULLOCH. And you have no reason to doubt the evidence?

Col. OURY. I have no reason to doubt it. Changes were taking place, and things were taking place rapidly, and no doubt that change in policy had occurred.

Mr. McCULLOCH. The decision was finally made as you state in your last letter, to let the contracts on the percentage basis. Was the form of the contract the subject of discussion in your department?

Col. OURY. Yes, sir; it was. We were discussing various forms; not with the committee, among ourselves. I never talked to the committee about it. I remember the letting it on a percentage basis when it first came up.

Mr. McCULLOCH. Did you discuss it with Col. Littell?

Col. OURY. I did.

Mr. McCULLOCH. Did you finally receive from the emergency committee a form of contract or a tentative draft of a contract and submitted to you for consideration?

Col. OURY. I think, as I remember it, there was a tentative draft before the final draft came to us of a form of this contract. The matter was taken out of our hands entirely. I was advised that the committee was getting out a contract and I was not asked for any opinion on it at any time. The only way I could express an opinion was to "horn in" and make myself heard, whether they wanted to hear me or not.

Mr. McCULLOCH. Colonel, after seeing the contract, whether it was sent to you, or however you may have received the information, after you had seen the contract, and after having discussed it in your department with Col. Littell and perhaps others, I will ask you whether or not you saw a memorandum that was prepared by Gen. Littell, or sent by Col. Littell to Maj. Starrett, dated May 5, 1917, in which Col. Littell pointed out certain objections that he desired to advance in regard to the cost-plus contract which it was proposed to adopt and use.

Col. OURY. Yes; I have seen the memorandum. I wrote the memorandum. I don't know what modifications Col. Littell may have made in it. The ideas contained in it were my own, and, as I remember, his also.

Mr. McCULLOCH. Colonel, have you seen the record of the testimony of Gen. Littell before our committee?

Col. OURY. Yes, sir.

Mr. McCULLOCH. To be found in volume 15, page 1809, and following; have you seen that [handing a volume of testimony to the witness]?

Col. OURY. Yes; I have read it.

Mr. McCULLOCH. I hand you the record of the testimony and ask you to just take it and look at the pages containing that memorandum and say to the committee whether or not you have gone over it, so that we can discuss it in the light of your examination, if you did so examine it; I think that is the memorandum that you have stated before the committee that you have prepared.

Col. OURY. Yes; that is the memorandum, and I am familiar with that. I have read it.

Mr. McCULLOCH. You have gone over it?

Col. OURY. Yes, sir.

Mr. McCULLOCH. I am going to read this paragraph by paragraph, and as we go along I would like to have you discuss the objections that are made in the memorandum to the contract, elaborating, if you will, your views upon the various subjects discussed. In the first paragraph it says:

> With reference to the proposed contract for the construction of cantonments, it is believed that the contract as drawn is entirely in favor of the contractor. It is also believed that the temporary nature of the work involved should be given more weight in considering contracts of this character.

Would you care to say anything in addition to anything you have said in that paragraph?

Col. OURY. Well, that paragraph was based on what was transpiring, really. The overhead that they were contemplating for the building of what I considered very temporary buildings to shelter troops for an emergency; it seemed to me that they were making it somewhat top-heavy with engineers, where engineering was not to be a very big feat in the construction.

Mr. McCulloch. As a matter of fact, the engineering had practically all been done, hadn't it?

Col. Oury. Well, the engineering connected with it was largely a matter of water and sewerage.

Mr. McCulloch. Utilities?

Col. Oury. That is all. The rest of it, there wasn't any of the engineering technicalities involved.

Mr. McCulloch. Paragraph 2 may elaborate upon that general statement contained in paragraph 1 by saying:

First. There is no technical skill involved for which the contractor could properly demand 10 per cent on all cost for its use. The supervision is simple, and will require a limited number of men, with only moderate equipment technically.

What have you to say, if anything, about that, Colonel?

Col. Oury. I think that explains itself.

Mr. McCulloch (continuing reading):

Second. There is no overhead that the contractor must furnish. All the costs of whatever nature, except the main offices of the contractor are included in the computation of costs for which the Government must pay and on which the contractor receives 10 per cent.

Have you any additional comment to make on that?

Col. Oury. No, sir.

Mr. McCulloch. You think that states the fact?

Col. Oury. That states the fact.

Mr. McCulloch (continuing reading):

Third. It is believed that some advantages would result to the Government if the contractor be required to furnish all the tools necessary out of the 10 per cent or 8 per cent, or whatever else is allowed. In that event he would at least be furnishing something and the 10 per cent would not be entirely clear. To illustrate what I mean above, suppose that one of the division of camps costs $2,000,000, which approximates its actual cost when constructed, the contractor would receive $200,000. Now, the question that presents itself is, what does he render to the Government in return for the $200,000? He practically assumes no responsibility as the Government must actually stand behind his purchases of material and his hire of labor. He furnishes no tools. The only responsibility he has in the case appears to be that of furnishing a given number of superintendents and hiring the necessary labor; the labor to be paid for by the Government and the contractor to receive 10 per cent in addition to what the Government pays the laborers.

Have you any comment to make on that?

Col. Oury. No, sir.

Mr. McCulloch. As a matter of fact, you rather understated than overstated the situation there as I view it, because the contractor not only furnishes no tools, but he does not furnish any number of suerintendents except his own services on the job?

Col. Oury. I think that is all he furnishes, as I understand it.

Mr. McCulloch. The overhead, as I understand it, as the contract actually worked out, is the overhead at his principal office, or is his office not on the job, which might consist of one stenographer or nothing, everything else the Government pays, is that right?

Col. Oury. That is as I understand it.

Mr. McCulloch. So that in that paragraph you understate rather than overstate what the contractor was going to have to do. That is, what he was going to have to pay. He might be required, and probably was required, to hire a superintendent and put him on the job, as he hired the organization, but he did not pay for it.

Col. OURY. No; he did not pay for it.

Mr. McCULLOCH. The Government paid for it?

Col. OURY. The Government paid for it. I had an idea when that was written that he would pay for a limited number of superintendents. It was understating it from what actually did take place.

Mr. McCULLOCH. As a matter of fact, he did not pay anything?

Col. OURY. No, sir.

Mr. McCULLOCH (reading):

3. It is recommended that only 5 per cent be allowed contractors, and that contractors furnish the necessary tools without cost to the Government.

By furnishing a set of tools you did not mean that he was to buy a set of tools and give them to the Government?

Col. OURY. No, sir.

Mr. McCULLOCH. He was to buy a set of tools and put them on the job for that work?

Col. OURY. That is the idea I had in mind.

Mr. McCULLOCH. And except for a matter of wear and tear he would have the tools. The Government did pay for the tools, as I understand it.

Col. OURY. The Government paid for the tools.

Mr. McCULLOCH. Are you still of the opinion that the statements made in paragraph 3, which I have just read to you—are you still satisfied with that or are you dissatisfied with it?

Col. OURY. Which one is that?

Mr. McCULLOCH (reading):

It is recommended that only 5 per cent be allowed contractors, and that the contractors furnish the necessary tools without cost to the Government.

Col. OURY. I would not change it; no.

Mr. McCULLOCH. You think he should have furnished them?

Col. OURY. Yes, sir.

Mr. McCULLOCH (continuing reading):

4. Relative to the tools, it may be stated that this opens up a large field for profits, should the contractor in any way desire to use it. Thus, he may buy more tools than are necessary, and the contract as drawn puts a premium on him doing just that. For instance: If he buys $10,000 worth of tools there is $1,000 in it for him, and there appears to be no safeguard as to the number of tools which will be required. This particular paragraph I consider an extreme weakness in the contract. I think it should be eliminated and the contractor made to buy all tools necessary at his own expense, as there will be but a limited number of tools required.

Have you any comment to make on that paragraph?

Col. OURY. Well, the idea was that the average workman should have sufficient tools; the carpenters.

Mr. McCULLOCH. Which, in truth and in fact, some of them did have.

Mr. OURY. The carpenters had, I think.

Mr. McCULLOCH. The carpenters did have.

Col. OURY. Yes, sir.

Mr. McCULLOCH (continuing reading):

5. The form of contract, except the clause relating to tools, appears to otherwise meet the needs of the Government, excepting also the rate of percentage to be agreed upon. I. W. Littell, colonel, Quartermaster Corps, U. S. A.

And initialed by IWL/J.

What do you say about that paragraph; was that in the original memorandum?

Col. OURY. I don't remember.

Mr. McCULLOCH. Or was that added by the general?

Col. OURY. That may have been.

Mr. McCULLOCH. Do you assume responsibility for that paragraph?

Col. OURY. I assume the responsibility. I would like to add in connection with the contract—I would like to go on record with my views about the contract.

Mr. McCULLOCH. All right.

Col. OURY. I was convinced then that some form of the cost-plus contract was necessary under the emergency; I have never had a sufficient reason, notwithstanding all that has happened, to change my mind. I think that some form of cost plus was the only way we could have handled it at that time. Now, may I give you some of the reasons for that briefly?

Mr. McCULLOCH. I would be glad to have them. I would be, if the chairman would.

Mr. McKENZIE. Certainly.

Col. OURY. In the first place, we would have had difficulty in getting the bids analyzed; if we had advertised as that letter that you had me identify would indicate we contemplated doing at that time we would probably have had from 5,000 to 10,000 bids, provided the specifications could have been gotten out so that an intelligent bid could have been made at all; if an intelligent bid could have been made at all, we would have had probably 5,000 or 10,000 bids on that work. Well, the only way we could arrive at the lowest bidder was for one set of men—myself, say, and one or two of my assistants could have worked together—to have taken all those bids and gone through them and analyzed them. It would have been an interminable job. The only other way we could have done would have been to eliminate, practically what they did do, all the big men and award it to them, with practically the same result as you have got now. And then again we considered this: If we advertised this work, there is every indication, and was then, that there would have been hundreds of shoe-string bidders—men without any money at all, without any backing at all—and they would have had just as legitimate claim for attention as any other man.

We would have had to have given his bid weight until his standing was investigated and developed. We would have had hundreds and hundreds with absolutely nothing except to go in there and get a part of this Government work; because you must bear in mind that there was no other work going on in the country at that time; the only hope of any contractor at that time was to get work from the Government. Well, I believed then that it was an impractical proposition to get it advertised for and get bids analyzed and justly awarded within any reasonable time. Now, that was the factor that I had in mind—one of them. And another was that the chances would be that quite a number of them under any specifications we could get out with the changing prices of material and labor at that time, they would fall down on the job and the Government would have to take it over; and if there has ever been a mess in the Quar-

termaster General's office, the worst ones are the ones where the contractor has fallen down and the Government has had to take it over and complete it. We have a number that we have had for 10 years, and they are not completed yet. And I am firmly convinced in my own mind if we had not arrived at some sort of cost plus, where the Government would have gotten behind it was a system, the Government would probably have had to get behind it without a system, and it would have been interminable. These are my views. It is not a good contract. I object to the form of the contract. I was not called in on time to inject any safeguard, if I had been enough of a business man to have done that; I can't say I could. I may have had some in my mind that would have helped. But some form of a contract of that sort, I believe, was the only answer under the emergency. I don't believe they could have done it by unit cost. I don't believe they could have done it under lump-sum cost and got it done unless the Government had stepped in and finished it.

Mr. McKenzie. What do you think of Gen. Goethal's views, that the Army engineers could have gone into this and constructed these camps?

Col. Oury. We could if they had given us the organization; I would not have any fear of building any one of these camps if the Government had given me the nucleus of the organization, and that is why they selected the big contractors, whom they thought had the nucleus of the organization which would get the work out of the men.

Mr. McKenzie. Well, in that case, Colonel, couldn't they easily have gotten around the way it was done; couldn't they have commissioned Mr. Rogers here in the Engineering Corps and put him in the United States Army and paid him a colonel's salary?

Col. Oury. That, I believe, would have helped. I believe if the Government had got behind it—the real answer to the thing was this, in my mind, was for the Government to have done it itself without reference to the contractor; if necessary, draft your labor. But we were not ready for that; we can't discuss that.

Mr. McKenzie. Let us assume this: I assume that the men on the emergency construction committee were patriotic men and were striving as they saw it to do the best for our country.

Col. Oury. I think so; yes, sir.

Mr. McKenzie. As a matter of fact, they simply pushed the Army or the Army engineers and the construction engineers in the Army off the map and took possession.

Col. Oury. That is exactly what they did; they did that. And I would like to call attention to the fact of the wide discrepancy in the cost of these camps. The one at San Antonio was built for $7,000,000; the one at Camp Lee about $14,000,000.

Mr. McKenzie. More than that, wasn't it?

Col. Oury. A little over $14,000,000. Now, I wonder why that difference. I can not see it. I know this: I know the man that was detailed at San Antonio to do that work. He was objected to. He was an old-line officer and was objected to as to having no knowledge of construction, and yet he has gotten the best results of any man that was put on the work. It may have been the size of the camp; I was just looking at the figures given me.

Mr. McCulloch. I was very much interested, Colonel, in your statement about the large number of bidders who had been flooding

the department with their proposals, and I want to say that I entirely agree with just what you said about that.

Col. OURY. I qualify that, however, with this statement, and that is, if we could have gotten out statements, that anybody could have intelligently bid on it.

Mr. MCCULLOCH. Yes; I am talking now about men with organizations willing to do Government work at that time and willing to bid on it. There were thousands of them.

Col. OURY. Yes, sir.

Mr. MCCULLOCH. Yet it has been contended constantly before this committee by every man who sought to uphold the cost-plus system, the great argument was that they could not get anybody to bid on it. Gen. Littell says in his testimony before the House Military Affairs Committee, Sixty-fifth Congress, second session, printed in the hearings under date of December 7, 1917, to February 8, 1918, pages 916 and 917:

Mr. ANTHONY. Do you believe this work could have been done by letting it out to the lowest bidder?

Gen. LITTELL. No, sir; I do not. I do not think you could get enough reliable bids, or enough bids from reliable contractors, to have built half of the cantonments.

Again, on page 917, he says:

Gen. LITTELL. But the great majority of reliable contractors who could have done that work in the time it was required to be done would not make a bid, knowing the trouble about labor.

That was pointed out time and time again, and the Government finally fixed the labor prices, the lumber prices, and the plumbing-material prices, so that the contractors, so far as our information went, were anxious to get these jobs and striving for these jobs, and willing to bid. And I think your statement that you would have had so many bids that you wouldn't know what to do with them, if you had been able to get the specifications out for them——

Col. OURY (interposing). If we had got any specifications that any man could have bid on we would have been flooded with them. I am not sure we could have gotten out the specifications. I will put that in as a qualification.

Mr. MCCULLOCH. You had been familiar with the shelter construction since 1914, and it is not a fine commentary on our Engineering department—and I think it ought to be made up out of the finest Engineers, for God knows we spent enough on them to educate them—it is not a good commentary on our Engineering department that they were not qualified to get out specifications and plans to build these simple shelters.

Col. OURY. As a matter of fact, we had specifications for the simple shelters; it was the plans for the water and sewers that was necessary.

Mr. MCKENZIE. Isn't it a fact, Colonel, that notwithstanding the fact that we declared war on the 6th of April that the so-called form of cost-plus contract did not get its final approval until the 1st day of June?

Col. OURY. Yes; very much to the annoyance and harassing of the whole office. We could not do anything. That was without excuse, and we had to hound them then to get them. There was no question about that.

Mr. McCulloch. Colonel, following out the system that was put into effect, as I understand, the testimony shows that almost a month was taken, probably six weeks by the Emergency Construction Committee in making a survey of the contractors that would be available for this work on selection. Now, couldn't that time have been utilized in deciding whether or not the contractor, say in a certain zone, who had put in their bids for Camp Sherman or Camp Grant, couldn't you have analyzed the financial responsibility and the bids of the contractors in at least that time?

Col. Oury. I doubt it. If we had had an intelligent bid I doubt it, in that time. Then it took quite a long time to award one contract alone, and we would have had dozens and dozens of them for all kinds of work.

Mr. McCulloch. Yes; when advertisements were resorted to. You, of course, know that the Secretary of War declared on April 12, 1917, that an emergency existed in the meaning of section 3709, Revised Statutes, under which such emergency construction could be carried on without resorting to advertising and the taking of competitive bids. The thing I want to do is—because you appeal to me as a practical man, or I would not be talking about it—I want to reconcile the statement made by people that thought it was an impossible thing to analyze the men who had put in a bid—that was an impossible thing, and yet you can take six weeks and go over the whole field of all contractors and determine who you are going to select.

Col. Oury. It is not an impossible feat. There is no such thing, I don't believe, if you make up your mind you are going to do it; I don't believe there is any real impossibility. But I think there would have been delays and more than there were and probably with the results not as good—not any better if as good as those we got. I am afraid that would have been the outcome. And it was a proposition of such magnitude that nobody knew what it was until we got on top of it. We did not realize the size of it until we got to it; the contractors did not. As it was planned I believe the American people were with us in trying to build camps that would conserve the health of the men.

Mr. McCulloch. The trouble is that this system delayed construction, and in one instance, we have testimony in this record, at Camp Sherman, it delayed it, with the general attitude of loafing on the job, and resulted in the men dying from the cold weather because the gas and steam fitters refused to go ahead with the work and played craps while that was going on, and that could not have occurred under proper supervision. He could have forced them to work; that situation would not have occurred under proper supervision.

Col. Oury. Proper organization; that is one of the things we tried to preach to the contractors. "You must organize for this thing."

Mr. McCulloch. But you have permitted that to get out of the hands of your men and into the hands of men who permitted delays. You have stated it in your letter as clearly as it was ever stated by anybody, they had an incentive to delay if ever there was any.

Col. Oury. Yes; but I don't believe these big contractors were less patriotic than I was. I think it was lack of organization on their part.

Mr. McCulloch. It is not my intention now to impugn the integrity of any man in this investigation, and it is not my intention to impugn any man's patriotism, but the fact is that the contractor did pull down a large amount of money in the emergency. You didn't get it. Why should he be getting on the job himself alone with his organization—why should he demand $250,000 when you give your time for a colonel's pay in the time of an emergency. Now, if you are going to get down to patriotism and the question of civic duty, that is a question that ought to be analyzed. Why should he be preferred over you or over the boy that leaves a $5,000 job and goes into the Army at $30 a month? I am simply trying to find out, first, whether or not the Government was properly safeguarded by this contract, and you had to do with that; and, second, your views of the cost-plus contract system and the possibility of the Government adopting some other system that would either have been more efficient or as efficient and which would have saved the Government money rather than the losses that have been sustained under this cost-plus system. Now, as the chairman of the committee has well interjected here, Gen. Goethals was called into these conferences, and I questioned him, and Mr. Scott, the chairman of the General Munitions Board, Mr. Scott who called these meetings and I asked him to point out one single figure that compared with Gen. Goethals', and he could not point out one; and yet Gen. Goethals said it resulted in delay, but he said we always have delay and he waived that aside and he said if your construction division had got on the job we would have done it in less time; he dealt entirely with time.

Col. Oury. I believe we could have. We did not see it then; it is always easier to see behind than before.

Mr. McCulloch. But the point is that the greatest engineer in America did see it at that time and advised against it and he was overruled by men who did not measure up in experience to him—he was overruled.

Col. Oury. I was there, and I thought he was pretty busy fighting over what kind of ships to build. I didn't think he gave us any advice at all. I don't think he did.

Mr. McCulloch. He testified before our general committee; he was called in by Mr. Scott. I have it here some place that he left his work in connection with the shipbuilding and came over and listened and was in that hearing, and that he then expressed himself, as I have endeavored to quote, probably not accurately, I am not using his exact language, but those were his views, that the cost-plus system should not be adopted; that was his testimony. I do not know whether he was there, more than you do, but he swore that he was.

Col. Oury. There is another thing that I would like to say briefly in connection with our building it ourselves: You must bear in mind that the emergency took everything away from the Quartermaster General that could be taken away, right off the reel; the chief clerks and practically everybody were commissioned; the noncommissioned officers from the Quartermaster Corps were commissioned largely. There wasn't anything left for the quartermaster to build it with. It had to be built by our patriotic citizens.

Mr. McKenzie. You probably favor a permanent commissioned personnel in the Quartermaster Corps?

Col. Oury. I favor a change in the staff myself. That is what it is for, to learn something about it.

Mr. McCulloch. Now, Colonel, this form of contract also calls for and required an expense that was entirely separate and apart from the cost from the amount paid the contractor, either for services as fees, material, labor, etc., such as an accounting system, checking-up system; it really, in fact, calls for an accounting system in order to safeguard the Government.

Col. Oury. Yes, sir; that was a part of it, I believe; I don't recollect the wording of the contract.

Mr. McCulloch. The contract didn't call for it, but the contract permitted it, for an accounting system to be put in by the Government, giving the Government the value of that.

Col. Oury. Well, that was one of the issues; I don't want it to appear I am trying to safeguard the Treasury, but I was trying to look after the interest of the Government as I saw it at that time. I opposed the overhead of those expensive accounts as unnecessary. We went too far; as far as overhead that was being accumulated around the office—they had clerks and stenographers and whatnots all over each other around the office, all on the pay roll; about one-half of them were unnecessary, and I believe one-half of them were unnecessary all that time; that was my view, so I was not in accord in a great many ways with what was transpiring.

Mr. McCulloch. What would you say as to the expensiveness and cost to the Government of this auditing system or checking-up system?

Col. Oury. It appeared to me it was going to be very expensive in comparison to the return to the Government.

Mr. McCulloch. What do you mean by return to the Government?

Col. Oury. Well, it was supposed to be a check and to keep down the expense, but it didn't have that tendency at all, and I didn't think it would, and I opposed it on the general grounds and thought that we could handle it with visiting inspectors or auditors, as other work was handled, and eliminate a big corps of accountants.

Mr. McCulloch. It meant a distribution of the work?

Col. Oury. Yes, sir.

Mr. McKenzie. And the Government was paying for it all?

Col. Oury. And the Government was paying for it all. You see, the Government itself was getting nothing. It was not only paying the contractors but paying expensive men to do a lot of things that could otherwise have been done (pp. 1880–1892).

Mr. McCulloch. Are you familiar with the safeguard that is contained in the cost or cost-plus contract?

Col. Oury. The cost-plus contract was a new thing to us.

Mr. McCulloch. You were not familiar with that?

Col. Oury. No, sir.

Mr. McCulloch. You do not know that was discussed and eliminated from this contract?

Col. Oury. No, sir; I was not called in at all.

Mr. McCulloch. So about all that remained of the contract when it was put in formal form was that the contractor was to—the only

safeguard, if they may be so called, to the Government was the integrity of the contractor?

Col. OURY. That is all.

Mr. McCULLOCH. And the supposed check or audit, which it has been called, as I understand it, by witnesses who appeared before this committee, as a safeguard?

Col. OURY. I wouldn't consider it a safeguard.

Mr. McCULLOCH. What would you consider it?

Col. OURY. An extra expense (p. 1892).

Mr. McCULLOCH. Colonel, you have had experience, as I understand it, of a practical nature in building buildings in addition to the theoretical experience you gained in the Washington office as you have detailed?

Col. OURY. Yes, sir. Well, I have done a lot of work with my hands; I have built a few; I never have been a contractor or anything of that sort.

Mr. McCULLOCH. Did you, during an emergency, and for the Army, build any buildings at Chicamauga?

Col. OURY. That was done under the same plan; I was delegated to have charge of the Regular Army, so called, construction; that meant work at Army posts, where they had to provide for the housing of recruits coming into the Regular Army with no place to live; that was all done by contract (p. 1893).

Mr. McCULLOCH. What was accomplished there? Was it built at a reasonable cost?

Col. OURY. That appears in the report of the Quartermaster General. It shows it was less per capita, somewhat less; I haven't figured it out exactly, you will find it in the report, with the number of troops involved; it is a simple matter to figure it out; what it did cost it seems to me it was less per capita; figures show they built the quarters, that involved the utilities and they were very expensive, for 20,000 men for three and one-half million.

Mr. McCULLOCH. Did that hold more than 20,000 men?

Col. OURY. Almost a division; a division, less artillery.

Mr. McCULLOCH. What would the figures be at the other cantonments, the average costs (p. 1893)?

Col. OURY. Yes; take it at Fort Douglas; buildings for a brigade there, for about 7,000 men, cost about $420,000.

Mr. McCULLOCH. $421,000.

Col. OURY. $421,000, but no utilities, no water or sewer system, because that was taken care of by the post; that I recollect. At least, they didn't provide any (p. 1893).

Mr. McCULLOCH. These that you built at Chickamauga were one-story barracks?

Col. OURY. Yes; Regular Army barracks were all one-story barracks.

Mr. McCULLOCH. At Fort Douglas the same?

Col. OURY. At Fort Douglas the same.

Mr. McCULLOCH. Only two-story barracks were used for the National Army?

Col. OURY. Yes; for the National Army.

Mr. McCULLOCH. Can you give us any idea of the comparative waste of material that resulted from the building of one-story barracks and the building of two-story barracks?

Col. OURY. I never saw any piles of waste lumber at Chickamauga, but I did see them at Camp Meade.

Mr. McCULLOCH. Meade had two-story barracks?

Col. OURY. Two-story barracks.

Mr. McCULLOCH. Chickamauga had one-story barracks?

Col. OURY. One-story barracks.

Mr. McCULLOCH. At Meade you saw large piles of waste lumber?

Col. OURY. Immense quantities of it.

Mr. McCULLOCH. At Chickamauga, what was the condition?

Col. OURY. I didn't see any. I didn't visit the camp after it was done—there may have been waste lumber there, but I didn't see any; I am not positive about that.

Mr. McCULLOCH. Give the committee some information about the condition at Meade, what the waste was there, if you can.

Col. OURY. It took all the men of the regiment about a week (3,000) to carry it off the drilling grounds, and that was just one of them.

Mr. McCULLOCH. I didn't get that.

Col. OURY. It took the whole regiment, all the men, about a week to carry it off the drilling grounds before I could start drilling.

Mr. McCULLOCH. Did you delay drilling as a result of that?

Col. OURY. Yes, sir (p. 1894).

SERIAL 3, PART 25.

Hearings at Rockford, Ill. (pp. 1895–2030).

Mr. ROSS P. BECKSTROM, Rockford, Ill. (pp. 1895–1921):

Corporation under State of Illinois; doing contracting work since 1909. Buildings have been mostly large industrial buildings and have the necessary equipment. Had a contract at Camp Grant for the maintenance from November, 1917, to April, 1918. Do not believe I ever filed a questionnaire. Buildings were not specified; it was a cost-plus contract; such buildings as the quartermaster might designate. (The contract is in the record.) I was assigned the construction of a great number of various kinds of buildings. As nearly as I remember, about 33 distinct constructions. My contract was not renewed. I believe our work was entirely satisfactory. We have letters commending us. I think we built the camp under the most unusual circumstances in regard to weather conditons; the coldest winter in 30 years. At times our men were the only ones that got in the camp. Number of our men frosted their face and hands trying to carry on their work (pp. 1895–1899).

We had to employ men nights to keep the concrete from freezing. In the spring, when the snow and ice melted out, we had an intolerable condition to get around through the mud. Concrete roads had not been built, and it was a struggle to get lumber and materials through. I think our ability to carry on at all in that climate was due to the men we had directing the work and the organization we had built up, and also to the average workmen who stayed on the job. We had a good many local men. We never had any trouble in getting good men and faithful men. Never heard of any complaints

as to lack of organization and lack of men, and I do not believe there was any (p. 1900).

Mr. McCulloch. But it is a contract known as a "maintenance contract"?

Mr. Beckstrom. That is it; that was the real intent and nature of it, I believe, when it was given us. I have that explanation from Col. Betts, the officer in charge of cantonments at Washington; he testified in a hearing at Washington where I was present that the Government never anticipated that these buildings would be necessary, and their idea was in getting local men who did not have a high overhead to conduct these operations during that period, but as time went on they found these buildings were necessary and the maintenance contractors were given the buildings to erect; in other words, they were buildings that were not contemplated in the original plan in Camp Grant or any similar cantonment.

Mr. McCulloch. Now, when, if at all, did you attempt to renew your contract?

Mr. Beckstrom. Why, I believe some time in the last part of January or the first part of February.

Mr. McCulloch. 1918?

Mr. Beckstrom. 1918. We found that the amount of work that we were asked to do for the compensation we were receiving was going to exceed by far the compensation the Government had provided in our contract, and we took steps at that time to see if we could not have our fee increased or be paid for this additional work so we would be compensated for our efforts in carrying it on (p. 1901).

Mr. Beckstrom. Yes; I am. It states here the total fee for the contractor under no event shall exceed the sum of $15,000. Previous in this contract it states if the cost of the work is under $100,000 a fee of 10 per cent should be paid; for over $100,000 or under $120,000, a fee of $10,000; if it exceeds $125,000 and under $250,000, a fee of 8 per cent. Then it goes on to say if the cost of the work is over $250,000, a fee of $20,000. When we took the work we discussed with Col. Smith what was really contemplated in the contract, and he told us that this fee of $15,000 was put in there so as to be a limit on it, and the Government had planned and figured that this contract would not exceed $15,000.

Mr. McCulloch. As figured according to the schedule?

Mr. Beckstrom. As figured according to the schedule. I further had that carried out or proved to me that that was the Government's intention by the testimony of the colonel before the commission I spoke of. He said they never had anticipated all this additional work. When we saw we were limited to this small return we took every means we could to have it changed.

Mr. McCulloch. You say it was going over this amount. What amount was it reaching?

Mr. Beckstrom. It was running considerably over $200,000. In talking it over with Col. Smith we had come to the conclusion, and he told us that this contract contemplated about $200,000.

Mr. McCulloch. On which you were to have the maximum fee of $15,000?

Mr. BECKSTROM. Yes; the way orders were coming in it looked like twice that much. In fact, it was over $116,000 more.

Mr. McCULLOCH. That would be $316,000.

Mr. BECKSTROM. I wish I could give the exact figures instead of depending on my memory for them. There was in the neighborhood of $116,000 of additional work that the Quartermaster ordered us to do in addition to our contract.

Mr. McCULLOCH. Were you called upon to do that work for the maximum fee of $15,000?

Mr. BECKSTROM. We were; of course, I went to Washington and took it up with the Constructing Quartermaster and when in Washington I was referred to Col. Betts and he told me before witnesses to go back to Rockford and complete this work and he said, "When you are through with the work, make out a bill of it"; not when you are through with it, but "when you are so you can do so, you can send a bill to the Construction Quartermaster and you will be paid for this additional work," and we did do that; we came back to Rockford upon his orders and did this additional work and presented our claim in the manner in which he instructed us, but we never received the additional compensation.

Mr. McCULLOCH. Did you make an effort to have the assurance given you by Col. Betts made good?

Mr. BECKSTROM. I made every effort possible.

Mr. McCULLOCH. Give the committee the benefit; tell us what occurred and what was the result of your efforts.

Mr. BECKSTROM. When I first tried to recover these fees I found it was nearly impossible to do so, because the Government wouldn't back up the verbal contract on the part of its representatives, and later the Government passed, in view of the fact so many contractors and manufacturers had gone ahead on verbal contracts—a great many were facing financial ruin and Congress passed an act validating these verbal contracts and providing the machinery whereby these claims could be passed, and when that was done we made every effort to present our claims in a businesslike way before this board; and in talking with a member of the board and witnesses for the Government I think they all agreed our claim was just and equitable claim, but they felt that if they allowed us this money we were entitled to that it would establish a precedent and that it would lay the Government open to many thousands of dollars; the Government had never contemplated such additional work and in order not to establish a precedent they were in a position to refuse my claim. Col. Betts in his testimony to the Government, and I didn't think it was within his province to so testify, cautioned this claim committee not to allow this claim as a precedent would be then established.

Mr. McKENZIE. Did it occur to you at that time when you had reached the amount of $200,000 expenditure that you could have quit the job?

Mr. BECKSTROM. It did occur to me; Col. Betts told me that quite a number of them had done that, but he asked me to go back on the job, and I did.

Mr. McCULLOCH. Did you know that supplemental contracts had been entered into at other camps?

Mr. BECKSTROM. I knew that.

Mr. McCULLOCH. When the contractor had reached the point where he could only draw the maximum fee?

Mr. BECKSTROM. I don't believe I knew that in February, when I took the matter up in Washington; I heard that afterwards, that in a great number of instances the Government had entered into other supplemental contracts with the contractors so as to compensate the contractor for additional work, but I don't think I knew at that time, and Col. Betts is a very high-grade gentleman, and I was there as a witness, and when a United States officer, in a high position that he was, told me that, I thought I didn't need any more to work on.

Mr. McCULLOCH. You were not negligent about it; and you did take the matter up with Col. Betts, calling attention to the fact that the work was going to far exceed the amount specified in the contract?

Mr. BECKSTROM. Yes; I even left with him a copy of the cost of the construction and the amount of work ordered and the amount of work the quartermaster had record of; showed him the appropriation the Government had made and showed where it would exceed the appropriation; I not only gave a copy to Col. Betts but to Col. Sawyer and Maj. Mulloney, because they were interested in that at the time I was there.

Mr. McCULLOCH. Was the contract and the estimated amount, the estimated maximum amount, based upon the figures and estimates of Army officers (pp. 1902–1904)?

* * * * * * *

Mr. BECKSTROM. The Government never anticipated that the contract would exceed $200,000. I think the contract was fair, that they expected that was the amount of work I had to do. But, of course, there was an emergency existing and it far exceeded it; I wouldn't have done it for a private individual but for the United States; there was a war on and I thought it was my duty to do it, but I never would have for a private individual; do $100,000 worth of work and not get pay for it (p. 1904).

Mr. McCULLOCH. Let's proceed to the sequel of this thing. Later on you endeavored to secure another contract, did you not?

Mr. BECKSTROM. I will say we didn't endeavor to secure it; sometime in February I was called into the construction quartermaster's office and told the Government had authorized him to proceed with half a million worth; $500,000 additional work at Camp Grant.

Mr. McCULLOCH. Where was that office; let's fix the time and place of the conversation—at Camp Grant?

Mr. BECKSTROM. At the camp.

Mr. McCULLOCH. You talked with Col. W. O. Smith?

Mr. BECKSTROM. Yes, sir.

Mr. McCULLOCH. About when was it?

Mr. BECKSTROM. I should judge is was possibly in the first week in February.

Mr. McCULLOCH. 1918?

Mr. BECKSTROM. Yes; I believe I have the date here. It was in the second week in February—about the 12th.

Mr. McCULLOCH. Now, you had a conversation with him, and tell us just the circumstances of it.

Mr. BECKSTROM. He called me into the office and showed me a telegram he had received in regard to $500,000 additional work at Camp Grant. In this telegram the construction quartermaster asked if the present contractor was satisfactory, and if he had the organization necessary to go ahead and take on the additional work.

Mr. McCULLOCH. The present contractor; they were referring to you?

Mr. BECKSTROM. Ross P. Beckstrom Co.

Col. Smith asked me if I desired to have this contract and was in a position to go ahead and do it, and I told him we were. He assured himself we could handle this work, and he wired Washington recommending that the contracting quartermaster give us this work. I asked him what that would mean, and he said when a camp quartermaster would recommend a contractor to Washington he felt very confident, and it was always the case, that his superior officer would concur in the matter of his recommendation, because he was here on the work.

Mr. McCULLOCH. That is the Construction Quartermaster Department?

Mr. BECKSTROM. Yes, sir.

Mr. McCULLOCH. Did he say anything about the emergency construction committee?

Mr. BECKSTROM. No; he did not.

Mr. McCULLOCH. He was referring to his superior in the Quartermaster Department?

Mr. BECKSTROM. He was referring and dealing with his superior in the Quartermaster Department at Washington.

Mr. McCULLOCH. Now, what occurred?

Mr. BECKSTROM. He told me it was unusual, under those circumstances that his superior would concur with his opinion, and we could feel assured that the contract for the additional work at Camp Grant was ours, and he asked us to immediately take on this great amount of work; to get the men together, so when the orders came through to proceed that we would be in a position to start immediately, without any delay, because there was a great necessity and a great rush for these hospitals. It seems the hospitals provided were not large enough to take care of the camp, and they needed them; so we immediately started out to do that, and were ready to proceed with the contract, and had every assurance from the Quartermaster Department that we would be given the work and go ahead with it. The change came later.

Mr. McCULLOCH. About how much later?

Mr. BECKSTROM. Oh, I should judge a week.

Mr. McCULLOCH. That would be about what date, then?

Mr. BECKSTROM. Well, that would be about the 18th probably, or 19th; a week later Col. Smith sent for me and told me that things didn't look just right to me. He says, "I am afraid politics is playing too important a part in this war, and things are getting upset pretty badly," and he said, "I don't know if I can do anything for you," and he said, "I believe you had better go to Washington and take it up direct and see what happens."

Mr. McCULLOCH. May I interject; did he indicate in any way what had happened to bring him to the conclusion you should go to

Washington; had something interfered there to nullify his recommendation?

Mr. BECKSTROM. Yes; he feared, as I stated, that his recommendation—he did not say that they had not been accepted, but he felt they would not be, and he said he thought it very necessary that I take my case directly to Washington and present it there, because he felt there was something that had come in there that had prevented the usual course that had been followed by the Government.

Mr. MCCULLOCH. Did he tell you how he came to that conclusion; whether there had been communications sent to him?

Mr. BECKSTROM. He didn't, but evidently he must have had some communication in some way that his recommendations were not to be carried out.

Mr. MCCULLOCH. What did you do then?

Mr. BECKSTROM. I proceeded immediately to Washington and took up the matter with the Construction Department, and I was again referred to this same Col. Betts, who was at the head; had charge of the cantonments in the United States.

Mr. MCCULLOCH. This was about what time?

Mr. BECKSTROM. This was February 21, 22, 23, I believe, that I was in Washington. I know I was there February 22, on the holiday.

Mr. MCCULLOCH. You saw him?

Mr. BECKSTROM. I saw Col. Betts and he said—I can't recollect all the conversation. It would not be right for me to try and recollect it in justice to he or I.

Mr. MCCULLOCH. If you can't recollect the exact words, give the substance.

Mr. BECKSTROM. When I came there he said, "We have received Col. Smith's recommendation and have received the highest recommendations of your firm and your ability to do this work." He said, "The War Department wants you to do it." He said, "I want you to do it." But, he said, "There has been a committee created called the emergency committee to which the Government officers must submit the names of the contractors whom they wish to give contracts to." In other words, the War Department, their judgment was null and void; their hands were completely tied. He said, "We sent your recommendations together with our approval of them down to the emergency committee." Col. Starrett, a former contractor, was at the head of the committee. He said, "It went down there and when it came back your name had been scratched off and the name of Henry Ericsson Co. substituted," and he said, "We are helpless to do anything for you."

Mr. MCCULLOCH. Was anything further said; was anything further said?

Mr. BECKSTROM. The colonel said he regretted very much that the War Department couldn't conduct the business of the Government in a businesslike way and in the way it had been doing it, and that these interferences should come, and he expressed regret to me, and I asked him if it was good business when an organization was on the ground doing the work and had the organization and ability to do it that they bring in an outside organization and have two big organizations on the ground, and he said, "No; it is not good business."

I said, "In private business, when you do your work well for anybody, you are usually compensated when they have additional work to do by getting the additional work," and he said, "The Government doesn't conduct their business the way private individuals do," and that he was sorry that such things should exist in times like this, and he simply expressed his regret for the outside interference.

Mr. McCulloch. After you had finished your conversation with Col. Betts, where did you go, if anywhere?

Mr. Beckstrom. He suggested that I go down and talk to the emergency committee, which I did.

Mr. McCulloch. Tell us just when you went there and who you saw?

Mr. Beckstrom. I believe I went there the next day; I couldn't see anybody. On the 22d it was a holiday.

Mr. McCulloch. The 22d of February?

Mr. Beckstrom. Yes; in the War Department everybody was busy at work. After I left him we came down where they weren't on the job; this was a building off to one side where the emergency committee and Council of National Defense were housed and I was referred to a Capt. Granger, of Chicago, of the firm of Frost & Granger, an architect, and I asked him why the emergency committee had stricken off our name, in view of the fact that we had the recommendation of the Quartermaster Department, which was in a position to judge our work. I put the same questions to him that I put to Col. Betts, and he said, "Mr. Beckstrom," he said, "I am sorry to say the Government is not doing its work in a business manner." He said, "I regret very much to see you lose this work, but political influence bearing on the work is so great that we couldn't give it to you."

Mr. McKenzie. Did he tell you who was bringing political influence to bear?

Mr. Beckstrom. No; he didn't; he said there was a tendency to divide the work up among certain interests, and the interests were very manifest; he didn't really tell me who it was.

Mr. McCulloch. Will you tell us all you did say on that subject as near as you can recollect it?

Mr. Beckstrom. When we first came in there he wasn't very talkative, and he didn't want to discuss it at first, and I put the proposition right up to him how we had been here at the camp and we had the method and our ability to do this work, and, as I stated before, I talked right up to him, and I said, "Does that look like a just, equitable proposition?" And I said, "Would you do that in your private business?" And he said, "No"; he wouldn't do it; but that they couldn't do things the way they wanted to do them.

Mr. McCulloch. By "they" who do you think he meant?

Mr. Beckstrom. I suppose his associates on the emergency committee.

Mr. McCulloch. Now, was there anything else said at that time?

Mr. Beckstrom. Why, I believe——

Mr. McCulloch. I mean with this captain. I want to get this as complete as I can get it.

Mr. Beckstrom. I believe what I stated covers all our conversation with Capt. Granger.

Mr. McCulloch. Did you request or desire to see anyone else or indicate a desire to see anyone else?

Mr. Beckstrom. I tried a good many times to see Col. Starrett, but never was able to see him except once, and that was in his New York office.

Mr. McCulloch. When was that?

Mr. Beckstrom. I believe—I can't recollect the date, but it was a considerable time afterwards that I saw him in his New York office.

Mr. McCulloch. Did you indicate the desire in your talk with the captain that you wanted to see Col. Starrett?

Mr. Beckstrom. Not only with him, but I tried every way I could to see him.

Mr. McCulloch. Tell what you did.

Mr. Beckstrom. I would ask to see the colonel, and I always would be referred to a captain and was never able to see him; the colonel refused to see me at all times. He was so big and so far away that it wasn't possible for Col. Starrett to talk to me.

Mr. McCulloch. Did you see any other member of the emergency construction committee?

Mr. Beckstrom. Yes; I saw quite a number of them.

Mr. McCulloch. Who did you see?

Mr. Beckstrom. Is saw Maj. Foster.

Mr. McCulloch. Clair Foster?

Mr. Beckstrom. I don't know his first name.

Mr. McCulloch. A tall, thin man?

Mr. Beckstrom. Yes.

Mr. McCulloch. What did Maj. Foster say to you?

Mr. Beckstrom. Well, I don't recollect anything in particular of my conversation with Maj. Foster.

Mr. McCulloch. Did you tell him about the circumstances and ask why you were not—had not been—recommended? Did you tell him the circumstances, or was it your purpose in calling upon him to talk about the contract or something else?

Mr. Beckstrom. Yes; it was; but I don't recollect any particular conversation with Maj. Foster at this time.

Mr. McCulloch. Did Foster say he thought you ought to have the contract?

Mr. Beckstrom. No, sir; he never did.

Mr. McCulloch. Did he say he thought you should not have it?

Mr. Beckstrom. No; he never said that.

Mr. McCulloch. Did he give any reason why the other fellow should get it, the other contractor?

Mr. Beckstrom. No; I don't believe that he ever did.

Mr. McCulloch. Who else did you see on the emergency construction committee?

Mr. Beckstrom. Those are the only two names I can recollect, but there were others I was referred to when I came up to see Col. Starrett, but those are the only two names I can remember.

Mr. McCulloch. Those are the only two names of the men that you can remember of the members of the emergency construction committee that you talked to?

Mr. Beckstrom. Yes, sir; except the colonel; I saw him once.

Mr. McCulloch. Where was he?

Mr. BECKSTROM. In New York.

Mr. McCULLOCH. Was that in the Starrett, Van Vleck office?

Mr. BECKSTROM. Yes.

Mr. McCULLOCH. When was that conversation?

Mr. BECKSTROM. I can't recollect the date of that.

Mr. McCULLOCH. Was it subsequent to your conversation with Capt. Granger, at Washington?

Mr. BECKSTROM. No; yes; subsequent.

Mr. McCULLOCH. Was it on the same trip or another trip?

Mr. BECKSTROM. Another trip.

Mr. McCULLOCH. How much later would you say?

Mr. BECKSTROM. It might have been 30 days later.

Mr. McCULLOCH. Will you tell us; just tell the conversation you had with Col. Starrett in New York at that time?

Mr. BECKSTROM. Why, it wasn't a very lengthy conversation. Col. Starrett said, "Your work is entirely satisfactory in every way, and, as far as we are concerned, we would like to have you have it, but we have to divide these things up. You have had some work out there, and we want to pass it around and give it to somebody else."

Mr. McKENZIE. Did you know at that time they had given more than one contract to other companies?

Mr. BECKSTROM. Yes; I called attention to Dodge, where they gave the home contractor the first contract and gave them another contract, the hospital contract; they couldn't quite face how that was done, but they had to acknowledge it, because I had the facts. The only excuse Starrett could give was that they had to pass these contracts around.

Mr. McCULLOCH. In that connection did you point out to Col. Starrett that you were on the job with an organization?

Mr. BECKSTROM. I certainly did.

Mr. McCULLOCH. Did you point out to Col. Starrett what you had said to the captain; that, in your judgment, it was to the interest of the Government not to have two organizations on hand.

Mr. BECKSTROM. Yes, sir.

Mr. McCULLOCH. Did you point out to Col. Starrett that you were on the job with an organization?

Mr. BECKSTROM. I certainly did.

Mr. McCULLOCH. Did he admit it?

Mr. BECKSTROM. He had to admit it.

Mr. McCULLOCH. Did he do it?

Mr. BECKSTROM. Surely.

I went into the matter sufficiently to satisfy myself that outside influences prevented me from getting the work, and what that was, my conclusions are:

I believed there was certain political influence brought to bear. You can only tell those things by observation. I know when you are in Washington you meet a lot of people. Some people know lots and some know nothing. There was lots of influence about this work. Simon O'Donnell, of Chicago, a labor-union leader and politician there, was very active on behalf of the other contractor, and I was told by people in Washington that the reason the work had to be passed around this way was because on this board there were certain labor representatives. I believe the name of the labor repre-

sentative was John Donlin, and that Col. Starrett wanted to give certain work to Donlin to vote for a certain friend of Starrett's, and that Simon O'Donnell had enough influence to bear on Donlin in order that he pass the work on to the Chicago contractor. That is as near a line as I could get on it. Of course, I knew there was other influence brought to bear, but I think that was the most significant—the influence by Simon O'Donnell and this man Donlin. Of course, that is a matter that is hard to prove, but it was a matter of common hearsay and talk in Washington.

Mr. McCulloch. In this war the use of the term "political influence" has been considerably abused, and I want to get the distinction between business and political influence; whether or not they were appealing to officers of the Government to bring political influence to bear to have contracts let or whether or not it was business influence that was controlling the letting of contracts. Men you have mentioned here are not politicians, but contractors who were holding political positions on the emergency committee. They were dollar-a-day men; a-dollar-a-year men?

Mr. Beckstrom. I don't know.

Mr. McCulloch. Donlin is a member of the emergency committee; he represents the trade-unions from Chicago?

Mr. Beckstrom. The lathers.

Mr. McCulloch. You say influence was brought to bear, according to your information, by representatives of the trade-union of Chicago upon Donlin?

Mr. Beckstrom. Simon O'Donnell's influence upon Donlin.

Mr. McCulloch. On the matter of trading back and forth in the committee, can you give us anything more on that subject? Any more information on that point?

Mr. Beckstrom. Not any more, but it is common hearsay and talk that Col. Starrett divided this work up, the original work, particularly among certain groups of large contractors, and it was done under the guise of patriotism to the United States; there was a lot of good contracting firms in the United States and lots of firms very much more competent than the ones who did it who didn't get any work. It goes to show that the best interests of the Government was not always looked after in the letting of this work; that might be due to poor judgment, but it is more apt to be due to political or business influence.

Mr. McCulloch. The information brought to the attention of the committee to-day, in my opinion, has a very important bearing on the form of contracts; if members of the emergency construction committee were interested in having certain contractors favored, that same interest might have been brought to bear in the preparation and final adoption in the form of the contracts, which that committee also did. They not only selected contractors, but, in fact, according to testimony brought out before this committee, their views were adopted over the views of Gen. Littell; their views did finally prevail.

Mr. Beckstrom. I believe this is true. I think the officers of the United States Government were opposed to this form of contract.

Mr. McCulloch. What is that?

Mr. Beckstrom. I believe the United States officers were opposed to this form of contract; I believe this form of contract was evolved

by outside interests and not by the Government itself, because it is certainly a radical departure from the way the Government does handle it in ordinary times.

Mr. McKENZIE. I was simply going to ask you, Mr. Beckstrom, in connection with your statement that Simon O'Donnell interfered in this matter in letting this contract for Mr. Ericsson and getting you shut out; did you hear anyone else connected in that matter?

Mr. BECKSTROM. I know he did, because he made personal trips to Rockford and tried to bring some influence to bear; he had a conference one night at the Nelson Hotel with Mr. Brantingham, one of the largest manufacturing men of the city; I know he was interested in it.

Mr. McKENZIE. Did you hear of anyone else taking a hand in the matter, for either political or business reasons?

Mr. BECKSTROM. Well, I heard Senator Lewis was very active in behalf of the contractor who resided in Chicago and I have every reason to believe he was.

Mr. McKENZIE. Did you hear of anyone else?

Mr. BECKSTROM. I believe that is all that I know came in contact with him.

Mr. McCULLOCH. I hand you a letter, dated August 22, 1918, in the form of a memorandum, signed by W. A. Starrett, colonel, Quartermaster Corps, chairman committee on emergency construction, and ask you if you have seen that before and if you can identify it.

Mr. BECKSTROM. I don't believe I have seen this letter; this refers to a later contract.

Mr. McCULLOCH. In connection with your testimony, I want to read this letter into the record and I want to say this letter was taken from the files of the War Department, files of the Council of National Defense, by Mr. Wesson, representing Subcommittee No. 2, Select Committee on Expenditures, War Department, and the letter is signed "W. A. Starrett," and I am informed by those familiar with W. A. Starrett's signature that it is, in fact, his signature; that the signature to this letter is in fact the signature of W. A. Starrett. [Reads as follows:]

Memorandum for Mr. Charles A. Otis, director, resources and conversion section.

From: Col. W. A. Starrett, chairman committee on emergency construction.

1. Again referring to the matter of Ross P. Beckstrom and his desire to get a contract at Rockford, Ill., I beg to inform you as follows: On August 9, 1918, this committee recommended that the contract for the enlargement of the camp, estimated to cost $5,600,000, be awarded to Henry Ericsson Co. Beckstrom had previously been recommended for the maintenance contract at the camp after Bates & Rogers had finished the original construction work.

Mr. BECKSTROM. This letter does not refer to the contract we have been discussing. This refers to the second contract given the Ericsson Co.

Mr. McCULLOCH. Were you seeking a second contract then?

Mr. BECKSTROM. This is the second contract.

Mr. McCULLOCH. I will read the letter into the record and then question you about that contract. [Continues reading letter:]

Beckstrom did his work very well, but the work under consideration required an organization of wider experience and more executive ability than Beckstrom possessed. Ericsson has already done considerable work on the job and, as a

matter of fact, is there now with his organization finishing up the contract to which he was assigned. Beckstrom has nobody on the job, but is a resident of Rockford and no doubt has the nucleus of his organization there.

2. We are held to strict accountability by the Assistant Secretary of War to see that the Government takes the fewest possible chances in its large building operations. Beckstrom offers a new and tried organization, built up of very excellent business men of Rockford, but there is nothing to indicate that they have had wide experience in the handling of large building contracts. Moreover, we have interviewed Beckstrom on several occasions and have a file of correspondence from him. His interviews and the correspondence we have are contradictory, to say the least.

3. The fact that he is recommended by an officer (Smith by name) who has something to do with the management of the cantonment is only valuable when we know the quality of Smith's judgment. We are glad to learn from you that people of Rockford think he is excellent. However, the principal officers in the construction division, to whom we go for our information, have not made the enthusiastic indorsement of Beckstrom which would warrant our overriding the records in the case and the fact of his meager experience.

4. There is much allegation that labor conditions will somehow be disturbed by bringing in an outside contractor. Our experience is that labor conditions, if disturbed at all, are disturbed by the operation and not by the individual contractor. If there is a shortage of labor in Rockford, additional labor will have to be brought in from the outside. If there is plenty of labor in Rockford, any contractor going in there will naturally use it. Under present conditions, no contractor is allowed to either raise or lower wages without the consent of the constructing quartermaster, who in turn has to refer all matters dealing with the labor problem to the War Labor Policies Board under the Department of Labor.

5. Under the circumstances herein recited, we do not feel warranted in making any change in our recommendation and, as a matter of fact, we feel that the Government is apt to get better service by using the Henry Ericsson Co., an experienced concern used to handling large affairs, that it is by taking Beckstrom and his newly formed organization.

Mr. McCulloch. Now, as I understand it, the conversation we had detailed here related to a contract that approximated $500,000.

Mr. Beckstrom. Yes, sir.

Mr. McCulloch. And you were denied the recommendation of the emergency construction committee, or you were not given their recommendations?

Mr. Beckstrom. Yes.

Mr. McCulloch. But Ericsson & Co. were given it?

Mr. Beckstrom. Yes, sir.

Mr. McCulloch. At that time that was a $500,000 contract?

Mr. Beckstrom. Yes, sir.

Mr. McCulloch. At that time you were on the job?

Mr. Beckstrom. Yes, sir.

Mr. McCulloch. With your organization?

Mr. Beckstrom. Yes, sir.

Mr. McCulloch. And they were not on the job?

Mr. Beckstrom. They were not on the job.

Mr. McCulloch. Yet you were not recommended?

Mr. Beckstrom. No.

Mr. McCulloch. And they were recommended; is that correct?

Mr. Beckstrom. Yes; we had the organization, the men, and everything right there.

Mr. McCulloch. So the argument he presents for Ericsson & Co. on August 27 being on the job applies to you when you were seeking that $500,000 contract?

Mr. Beckstrom. Yes; and that is the argument we used.

Mr. McCulloch. Ericsson was given the $500,000 contract, and you were gotten off the job?

Mr. Beckstrom. Yes.

Mr. McCulloch. As I understand you, you did seek to get the larger contract?

Mr. Beckstrom. Yes; we did; that letter is very significant of Col. Starrett; he was always able to find very plausible excuses; he is the past master of that art.

Mr. McCulloch. How about his statement contained in the letter "Beckstrom offers a new and untried organization built up of very excellent business men of Rockford, but there is nothing to indicate that they have had wide experience in the handling of large building contracts;" was your organization untried so far as your Rockford work was concerned, or Camp Grant work was concerned?

Mr. Beckstrom. I don't think so.

Mr. McCulloch. Your work met with the approval of the officers in charge?

Mr. Beckstrom. Yes, sir.

Mr. McCulloch. Under trying circumstances which in all probability wouldn't confront a contractor in carrying out the contract being discussed in August 22d's letter?

Mr. Beckstrom. Please state that again.

Mr. McCulloch. Your organization was tried out under circumstances that were extraordinary?

Mr. Beckstrom. Yes, sir; very extraordinary.

Mr. McCulloch. And you came out with the complete approval of the officers of the Government?

Mr. Beckstrom. Yes, sir.

Mr. McCulloch. And the officers in charge were very competent in your opinion?

Mr. Beckstrom. Yes, sir; very competent officers.

Mr. McCulloch. So your organization was a tried organization and not an untried organization; is that it?

Mr. Beckstrom. Yes, sir.

Mr. McCulloch. And the contract you were seeking to carry on how is that different from the contract you had carried out?

Mr. Beckstrom. No difference, whatever.

Mr. McCulloch. And it isn't probable you would confront, under that contract the same weather conditions that confronted you in your original contract?

Mr. Beckstrom. No; their work was conducted under the most ideal weather conditions; during the summer months.

Mr. McCulloch. Will you tell the committee just what you did to get this; just what you did in your efforts to get this second contract of which Starrett refers to in his letter dated August 22, 1918, which I read into the record, which was the second Ericsson contract?

Mr. Beckstrom. In our first contract we put it up to the Government in a straight, businesslike manner; we saw it had no effect; when we tried for the second contract we asked certain friends we had in Rockford, business people, to write to the officials of the Government or the War Department and asked their consideration of a local firm; the people were feeling as long as there was competent men in Rockford to do this work they shouldn't go outside be-

cause—and they were serious about it—the camp in Rockford has been a great detriment in lots of ways to Rockford in a big industrial city; lots of men did interest themselves and upon my request wrote to Washington about it.

I didn't like to have anybody want to go after a contract in that manner; it wasn't just the way I was used to having people ask for them. We felt that we went after the contract in a very business-like manner; we asked high-grade business concerns at Rockford, who knew our ability, openly and above board, to write to Washington and state the conditions as they existed here, and a great number of them did, but business and other things of that kind had no bearing in any way on the emergency committee.

Mr. McCulloch. When were you notified that you wouldn't receive this contract? Or were you notified?

Mr. Beckstrom. I don't know really that we were ever notified that we would not receive it. I know the only notification we had was that the Henry Ericsson Co. had been given it; they never took any pains or never did in any way notify us that we would not receive it.

Mr. McCulloch. Did you go to Washington on this second contract?

Mr. Beckstrom. Yes; I did.

Mr. McCulloch. Who did you see at that time?

Mr. Beckstrom. At that time I saw, of the emergency committee, I think the only man I saw then was Maj. Foster. There were some other men there, but that is the only man I recollect.

Mr. McCulloch. Can you tell us the conversation you had with Maj. Foster.

Mr. Beckstrom. At that time there was rather lengthy discussion, and we took it up with him, and he said the emergency committee had made up their minds to give this work to the Ericsson Co., and they didn't intend to change their minds; they didn't give a damn whether everybody in the United States wanted to have that contract (this was Foster's own statement), they were going to give it to the Ericsson Co. anyway, and that was just about the crux of it.

Mr. McKenzie. In trying to get the first contract, as I understood, you depended almost solely on your own efforts?

Mr. Beckstrom. I did, sir.

Mr. McKenzie. In your second attempt you had the backing of the chamber of commerce and of all the leading business men in the city of Rockford?

Mr. Beckstrom. I don't suppose we had the backing of all of them; I don't believe I had the opposition of any of them, to my knowledge; but great numbers of people interested themselves in my behalf, because I have lived here all my life and the people know me, and they naturally take pride in Rockford and like to see the work come here, of course.

Mr. McKenzie. And you brought that influence to bear on the emergency committee?

Mr. Beckstrom. Yes, sir.

Mr. McKenzie. But you met the same autocratic rule that you did the first time, notwithstanding the fact that the people of this community were interested in having you receive the contract and not-

withstanding the further fact that the work under the contract that you did have had been perfectly satisfactory to the Government? Is that a fact?

Mr. BECKSTROM. Yes, sir.

Mr. MCCULLOCH. And when the Ericsson Co. came upon the ground to enter upon the work under their first contract, did they bring any organization here?

Mr. BECKSTROM. Why, I don't know just exactly what organization they had. The only two men that I know that they brought to Rockford was Mr. Walter Ericsson and his superintendent, a man by the name of Larson, if I remember correctly; but, aside from that, I don't know whether they brought anybody else here or not.

Mr. MCCULLOCH. How did they develop their organization, if you know?

Mr. BECKSTROM. Well, I suppose they went about it just like anybody else would have to do—they hired men as they could. Of course, they had our organization there and they took a great number of the men we had. As you know, at that time all building work had been curtailed and they hired our superintendents and foremen to proceed with the work.

Mr. MCCULLOCH. As a matter of fact, they absorbed your organization?

Mr. BECKSTROM. Practically in its entirety (pp. 1909–1916).

Mr. MCCULLOCH. State whether or not you were in a position to handle this work yourself. Your organization.

Mr. BECKSTROM. I believe we could have handled it very satisfactorily.

Mr. MCCULLOCH. Without letting a subcontract?

Mr. BECKSTROM. Just as well as not. I don't see any occasion to subcontract it.

Mr. MCCULLOCH. You are, of course, familiar with the provisions in the contract.

Mr. BECKSTROM. Yes. When you subcontract all these to subcontractors they all have to make their profit and that makes an additional expense to the Government.

Mr. MCCULLOCH. And you were in a position to handle this work with subletting?

Mr. BECKSTROM. Yes, sir.

Mr. MCCULLOCH. And in that way would have been able to have saved to the Government these items which went to the subcontractor; is that right?

Mr. BECKSTROM. Well, those were the facts we tried to bring before the Government in presenting our claim.

Mr. MCCULLOCH. Did you bring that fact to the attention of the Emergency Construction Committee?

Mr. BECKSTROM. We did.

Mr. MCCULLOCH. And in the face of that representation upon your part which was sustained and supported by the business interests of Rockford and in addition to the fact that you had completed a contract satisfactorily for the Government at Camp Grant, in spite of all that this contract was let to the Henry Ericsson Co., who let five subcontracts under their original contract?

Mr. BECKSTROM. That is correct.

Mr. McCulloch. State whether or not when the original contract was let for Camp Grant to Bates & Rogers, you made any effort to get the work?

Mr. Beckstrom. No; I did not.

Mr. McCulloch. Would you have been willing as a contractor to have bid on the work if you had had opportunity?

Mr. Beckstrom. Why, I suppose that I would have been willing to if I had had the opportunity, but of course the magnitude of that work would have prevented our firm from performing it without going out and getting assistance with which to do it.

Mr. McCulloch. What would you say as to whether or not at that time it was a practical proposition to let the contract under the bid system?

Mr. Beckstrom. Why, I believe the Government could have let contracts at that time by bids, because there was a great surplus of labor, as you know. Later I suppose it would have been more difficult, but then there was an abundance of labor, and the contractors are a daring crowd, and they would have bid that work in, there is no question.

Mr. McCulloch. Material prices were more or less fixed as they went along?

Mr. Beckstrom. Yes; they were.

Mr. McCulloch. There was very little construction going on in the country, which increased the volume of labor available?

Mr. Beckstrom. Well, the prices of labor and material were of course fixed by the Government. They could have been fixed under a competitive contract just as well as they could have been under a cost-plus contract.

Mr. McCulloch. If the work had been performed under a lump-sum contract it would have decreased the risk of the contractor,

Mr. Beckstrom. Yes; it would to a great degree. Of course, the contractor has no control over the lowered efficiency of his men, due in a great degree to that which always happens whenever there is a great demand for men.

Mr. McCulloch. There were many provisions that might have been put into a contract, such as if the wages went over a certain amount the Government would take care of the company, and the same if the materials went over a certain amount?

Mr. Beckstrom. Well, that is the way we do to-day, with conditions as they are at present; we won't enter into a contract at a fixed sum unless we can have a provision in the contract that if there is an increase in the cost of labor or materials that the owner will pay the difference.

Mr. McCulloch. Is that a proper provision?

Mr. Beckstrom. I imagine such a provision would have been necessary, due to the magnitude of the work involved, because if there wasn't such a provision as that difficulty would be experienced in getting a contractor to bid on a lump-sum proposition unless he had been given that assurance.

Mr. McCulloch. But with that assurance in it is a perfectly practical proposition, is it not?

Mr. Beckstrom. Why, I should judge it to be very practical.

Mr. McCulloch. A lump-sum bid?

Mr. BECKSTROM. Yes.

Mr. McCULLOCH. Are you bidding on lump-sum contracts to-day?

Mr. BECKSTROM. Yes, sir.

Mr. McCULLOCH. And the labor and material market to-day is badly disturbed, is it not—as badly disturbed as at any time?

Mr. BECKSTROM. Yes; it is; it hasn't been any worse than it is to-day.

Mr. McCULLOCH. Are you willing to and would you bid on a contract on a lump-sum basis?

Mr. BECKSTROM. Yes. I guess everybody else does, too.

Mr. McKENZIE. What is your judgment upon the morale of the labor of the country by the adoption of this form of contract?

Mr. BECKSTROM. Well, it certainly has been a total lowering—a great lowering of efficiency in the production of labor in the last two years. I guess nobody will deny that that has to employ labor.

Mr. McCULLOCH. I want to at this point have printed in the record copies of two letters signed by R. C. Marshall, jr., lieutenant colonel, Quartermaster Corps, National Army, in charge of cantonment division. They are both dated March 16, 1918. One headed—from an officer in charge of cantonment construction to Ross P. Beckstrom, general contractors, Rockford, Ill.; subject, regarding contract at Camp Grant; and the second letter from officer in charge of construction division to Rockford Manufacturers & Shippers Association, Rockford, Ill., regarding contract for work at Camp Grant. I offer this letter as bearing upon the testimony of the witness and in view of the statements that he has made.

(The said letters offered by Mr. McCulloch being in the words and figures following:)

MARCH 16, 1918.

400.155 CR-C (Camp Grant).
Officer in charge of cantonment construction.
Ross P. Beckstrom Co., general contractors, Rockford, Ill.
Regarding contract at Camp Grant.

1. Your letters of February 28, 1918, addressed to Maj. Starrett, chairman of the Council of National Defense, and of March 4, 1918, addressed to the emergency construction committee, Council of National Defense, together with sundry telegrams and comments, have been referred to this division.

2. The contract made with your company November 1, 1917, specified that it covered alterations, additions, and repairs at Camp Grant, "such as may be ordered from time to time in writing within sixty days from date of contract." This division did not guarantee, as you seem to believe, that you should have all the work to be done at Camp Grant. Moreover, under the terms of this contract, your work may be curtailed at any time by this division ceasing to give written orders to you for additional work.

3. When the additional hospital facilities at the various camps were demanded by the Surgeon General's Office it was imperative that in order to insure early completion of the additions to base hospitals at the various camps, including Camp Grant, that contracts be let to contractors who could guarantee early completion. These additions to base hospitals, moreover, were not contemplated when the contract with your company, dated November 1, 1917, was executed.

4. It has been the policy of the Council of National Defense to divide the emergency construction work among a number of contractors in various sections of the country where such work is being done, rather than concentrate with few contractors, so that many concerns may participate in the emergency construction. The Council of National Defense saw fit to award the contract for the additions to the base hospital at Camp Grant to Henry Ericsson Co., of Chicago, with the approval of the Secretary of War. As you know, this contract has been so approved and the above-named company is engaged in this work.

5. We feel that it is your patriotic duty to cooperate with that company in a uniform labor scale not higher than the scale generally prevailing in the Chicago district, and I believe that it is for your interests to cheerfully do such work as you have been directed to perform under the supervision of the construction quartermaster in charge, granting Henry Ericsson Co. the same privilege. We wish you to understand that the awarding of the contract for the additions to the base hospital to another company is in no wise a reflection on you or your company, and that so far as this office is advised your work has been satisfactory, and we trust it may continue to be so until the expiration of the term of your contract, April 30, 1918.

R. C. MARSHALL, Jr.,
Lieutenant Colonel, Quartermaster Corps, National Army,
in Charge of Cantonment Division.
By O. P. CHAMBERLAIN,
Major, Quartermaster Corps, National Army.

Mr. W. GRIGGS, Rockford, Ill. (pp. 1922–1925):

Real estate. Worked at Camp Grant, foreman over gang putting in foundations for the Ericcson Co. I was not asked my experience. One of my neighbors said they were short of help—anybody could get a job. I should say the contractors were not in a hurry to speed it up.

Well, I could see men leaving a job going away, and they would be gone two or three hours, and see teamsters with their teams around back of the buildings, perhaps they would stand an hour at a time, or two hours; see them going to water their horses and let them stand at the watering tank half an hour at a time, or 20 to 25 minutes, perhaps. They seemed to be in no hurry.

Mr. MCCULLOCH. What was the attitude of the men over you as to hurrying you, urging you to hurry up?

Mr. GRIGGS. The never asked me to hurry up.

Mr. MCCULLOCH. Was there a general impression prevailing among the men that they were not to hurry up or work too hard?

Mr. GRIGGS. Well, I would ask them to hurry up sometimes, and they would say: "You don't want to get in a sweat; this is Government work, and we can take it just as easy as we have a mind to."

Mr. MCCULLOCH. What do you say as to whether or not there were too many men on the job?

Mr. GRIGGS. Well, I would say there were (p. 1923).

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Mr. GRIGGS. Why down at the detention camp they were only small buildings, and they would sometimes have 12 to 15 men there, where 5 or 6 would be all that could work to good advantage (p. 1923).

I pointed out to the foreman that there were too many men. He said, "Some of these may quit; we want to have plenty on hand." I would not say this was so on all jobs.

Well, the contractors—a man who had the roofing job, for putting on some roofing, he seemed to have an idea that the more men he had the better it would be; at least that is the way it appeared to me, and he would have working on a small building five or six men where two or three would be all that could work to any advantage; four, perhaps (p. 1924).

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The man's name was Lute Boss.

Mr. MCCULLOCH. Were there others equally well equipped?

Mr. GRIGGS. Yes; I should think there were quite a few.

Mr. McCULLOCH. What would you say as to the effect of the men that were not qualified drawing carpenter's pay—what was the effect of that kind of a system, in your opinion, upon men who were qualified and experienced as carpenters and getting no more pay than the fellow who was not qualified?

Mr. GRIGGS. I think it had a tendency to make them slack and indifferent.

Mr. McCULLOCH. So that if the important element in this construction was speed and prompt construction to house American soldiers, the methods which were used worked exactly to the contrary and delayed it; is that correct?

Mr. GRIGGS. Yes, sir.

Mr. McCULLOCH. If you had been doing the work under a private contract where the loss by reason of inefficient labor, if any, came out of your pocket, would you have done it that way?

Mr. GRIGGS. No, sir.

Mr. McCULLOCH. How much less labor would you have gotten along with, according to your opinion of it?

Mr. GRIGGS. Oh, 30 per cent of it.

Mr. McCULLOCH. You would have gotten along with 30 per cent of the labor?

Mr. GRIGGS. Thirty per cent less.

Mr. McCULLOCH. What was the character of the workmen; were they carpenters, or what were they?

Mr. GRIGGS. Well, all classes. There were men working there as carpenters who were not qualified for it.

Mr. McCULLOCH. What percentage of them would you say were not qualified carpenters to carry on efficient work as carpenters?

Mr. GRIGGS. I don't believe there was over 50 per cent of them.

Mr. McCULLOCH. What was the effect, in your opinion and from your observations, as to carrying these men as carpenters and having them do carpenter work when they were not qualified for it?

Mr. GRIGGS. Well, it delayed the work. They couldn't begin to do the work as they could if they were qualified for it (pp. 1924–1925).

Mr. JOHN SMALL, Rockford, Ill. (pp. 1925–1929).

Engineer. Worked at Camp Grant under Bates & Rogers running a clamshell loading shovel from July, 1917, on until they left the job. Then I came back under Ericsson as engineer. Working now for the quartermaster. Have been working for contractors about 20 years. There is a lot of difference between the way the work was done out there and the way it is done with private contractors. Working for a private contractor you have got to get up and do something. At Camp Grant it was different. They stalled around to my notion. Didn't try to get work out of the men. Sometime they did not have material (p. 1926).

Mr. SMALL. While I was under Ericsson, down on the corner of Second Street and Front, we were there for a whole week, with the steam roller and all the men idle, because the material was tied up, and I myself was hanging around the barracks (p. 1927).

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Mr. SMALL. Yes, sir.

Mr. McCulloch. And you say that the men did loaf on the job during that time, there was no effort made on the part of the representatives of the contractor to make them work; is that right? I don't like to lead you that way, but I wish you would tell us about it.

Mr. Small. Well, that is the way I found it. I laid myself near a fire box with steam roller for four days, couldn't move, on account of not having an injector.

Mr. McCulloch. Why didn't you get the injector?

Mr. Small. The master mechanic he claimed he couldn't get it.

Mr. McCulloch. Could he have gotten it?

Mr. Small. I don't know.

Mr. McCulloch. That was a common repair, a small repair?

Mr. Small. Yes, sir; you could get it down here at any steam-fitting shop.

Mr. McCulloch. For how much?

Mr. Small. Well, I couldn't tell you the war price of them, but I have bought them for other contractors; I used to pay $6. Of course, the price during the war would be different; I couldn't state, but they used to be $6 (p. 1927).

During that time we stood around the engine and did nothing all the time (p. 1927).

When we cleaned up the barracks it was all loaded on the wagon and dumped out on the dump, 2x6's and 2x4's and boards, plenty of them, and several kegs of nails (p. 1928).

Mr. Small. No. I reported back the day after Christmas, 1918, to the master mechanic and he sent me up to the quartermaster—previous to me there had been another man cutting flues out of the engine and the rest was left to me to cut out and I cut them out and put in a new set of flues, and I worked without help for eight days, and after I worked eight days I reported to the master mechanic, Mr. Butler, who was master mechanic at the time, that I was pretty near finished; I only had five more flues to fit, and he said: "You are foolish; that job should have lasted a month sure," and I was removed the next morning.

Mr. McCulloch. You reported that to whom?

Mr. Small. To the master machanic.

Mr. McCulloch. What was his name?

Mr. Small. Butler.

Mr. McCulloch. He was master mechanic for Ericsson?

Mr. Small. Yes, sir.

Mr. McCulloch. Was he master mechanic over the whole job?

Mr. Small. He had charge of all the machinery in the camp, I understood. I took my orders from him, at least.

Mr. McCulloch. And when you told him you had about finished with this work he told you you were foolish; that that ought to have lasted a month?

Mr. Small. Yes, sir; and I was removed next morning off of that job—I hadn't completed it—and was sent down to the Ericsson office and I was reduced to a laborer—either leave the camp or be reduced, so I went to work as a laborer.

Mr. McCulloch. What was the reason for that, in your opinion?

Mr. Small. I couldn't swear to the reason, but it was because I done this job too fast, I think, or something.

Mr. McCulloch. Do you know when the work was completed, then, that you had been working on?

Mr. Small. Why, Butler and the assistant—he come up and monkeyed around there, I guess, a month on those five flues, so far as I could find out. This machine was borrowed from the quartermaster, and it is still out there in operation to this day.

Mr. McKenzie. Was there any inspector ever visited you while you were working on that job and found any fault with the character of your work; that you weren't performing it in a proper manner?

Mr. Small. No, sir.

Mr. McKenzie. You weren't put off the job, then, on account of not being competent to handle the machine?

Mr. Small. No, sir; I was reduced to a laborer and sent to the camp laundry (p. 1929).

Mr. O. W. Armagost (pp. 1929–1923):

Worked at Camp Grant under Ericsson & Co. as a carpenter. Fifteen or twenty-five in my gang. Less than 50 per cent qualified carpeters. Rest of them would do very well to husk corn; they were not very good at the carpenter business. Would say they had 25 to 35 per cent more than could work satisfactorily. The effect was bad for the morale of the competent men. Man didn't have the heart to go to work like he would otherwise; he wasn't interested in the work so that if the purpose was speed the effect was the contrary. Loss of time and delay. Had certainly increased the cost; they were drawing the same pay as competent men. He could not have done that kind of work if the contractor had had it on a lump-sum basis, where the loss would have been out of his pocket. He could not have used that class of labor and got by, in my judgment; from my experience.

Well, there necessarily was some waste, with the labor that was doing the work, because the work that I personally saw, of course, was all practically lumber work, timber work. And a man would take a piece of timber and cut it for the place it was supposed to go and if it didn't fit, why, he would cut another one and try to fit it again. In that way there was a lot of lumber wasted. Of course, I didn't see where this lumber went to that was wasted because it was usually cleaned up after the carpenters left the work, so that I don't know what they did with the material; but there was a whole lot of it laying around, and when I came on the job in the morning and looked over there the waste was usually cleaned away (p. 1931).

Some of the men from Chicago would work Saturday afternoon and Sunday, and they lay off Monday, and get back on the job Tuesday. They would always work overtime and get the big pay for working Sunday. One of them said, "That is pretty snappy, we are taking our Sundays any day of the week that we want to and working along with the rest and drawing the big pay." This was under Ericsson (p. 1931).

Didn't seem to be any effort to eliminate waste. It looked as though contractor or his agents knew it. I have had 25 years' experience as a contractor. I think it would run very close to 50 per cent of the men called carpenters who were not. All classed as carpenters and receiving carpenter's wages. I think it could have been

completed in the same length of time and perhaps less and the work would have been better done with 50 per cent of the number of men that were employed as carpenters with 4 or 5 back hands to every 20 men.

W. A. LEWIS, Rockford, Ill. (pp. 1933–1939):

Carpenter. Fourteen years' experience, also taking contracts for myself. Worked at Camp Grant. Know what it is to get a day's work out of a man. Worked six weeks. I think there was too many men on practically all of the jobs. More than twice as many as was necessary to do the job right in some cases. I was doing special work so I usually got mechanics. A lot of those working as carpenters would make good farmers. I should say 50 per cent had never worked as carpenters in their life before. I doubt that if on all the gangs I saw there was over 30 per cent that would qualify as mechanics according to the standard laid down by the carpenters' local union. I should think it would tend to delay the work. I could not see it any other way (p. 1934).

Mr. LEWIS. Why, I saw too many men put on the same kind of work; I saw them get in the others' way because there was too many of them. I saw men who were not mechanics and didn't understand the work would get in the mechanics' way and delay it; these fellows who were not mechanics delayed the work because they couldn't do anything themselves and were in the way of fellows that could (p. 1934).

I believe the conditions prevailed all the time I worked for Bates & Rogers.

Mr. LEWIS. I believe it did. It was one of the things that disgusted me and made me leave the camp; that was that this condition apparently got worse in the six weeks' time I stayed there—got worse all the time. It was disgusting to see the way things were going on, and our local contractors here in town were crying for men, and I left the camp and came here to Rockford. I wasn't earning 10 per cent of the money I was getting there, but the whole thing disgusted me from start to finish.

Mr. MCCULLOCH. These conditions were in the knowledge of the contractor and his agent?

Mr. LEWIS. He couldn't help but know that they were; if a man had eyes and a brain to direct his eyes, he sure would know it.

Mr. MCCULLOCH. Because it was apparent to anybody. Is that correct?

Mr. LEWIS. It surely was.

Mr. MCCULLOCH. Did you ever hear any reference made by mechanics in regard to buying Liberty bonds and make a comparison or reference to Camp Grant in that connection?

Mr. LEWIS. I have heard in a number of cases people say that it was an injustice to expect them to save their money to buy Liberty bonds when there was such a waste of money as there was at Camp Grant. I have heard this expression a great many times.

Mr. MCCULLOCH. Can you give us, now, the expressions heard—any of them?

Mr. LEWIS. Why, one teamster said, "It is a hell of a note; they want us to save our money to buy Liberty bonds with and down at

the camp there are men cutting down oats and corn and piling up the corn and oats and refusing to let me have it to feed my team." I think that is one particular expression that I remember (p. 1935).

I remember one time in August practically 75 men in a gang went up to Bates & Rogers' superintendent, who was riding a horse, and asked what to do next, and said they were looking for work. He said, "Have you seen the camp yet?" They said, "No." "Well, go ahead and take a look at it, and don't let me see you again until I call for you." There was quite a lot of work at that time, and he drove them away. There was considerable waste of material; more than on a private job.

Mr. LEWIS. Why, in dimension lumber 2-inch stuff there is very rarely any waste on ordinary work; most all of it can be used; for instance, 2 by 4s, 8 feet long, we use on ordinary house work, and down at Camp Grant there would be pieces of 2 by 4s, 6 feet, 8 feet, and 10 feet long, I would see in the rubbish heaps, being kicked around and driven over, and the quality of the inch stuff of the lumber was bad, but the fact that there was poor mechanics on the job made it worse yet. They didn't attempt to cut so as to save. They didn't attempt to cut any of it to edge (p. 1936).

I had curiosity to go there several times during my stay and watch the employment bureau's methods of hiring men, carpenters, for Bates & Rogers.

Mr. LEWIS. Why, about the only method I noticed outside of my own particular case was that of the employment agent; the man in the employment office would ask a man if he was a carpenter, and if he said yes, "Where are your tools," and I would hear some of them say that their tools were out on a dray or that they would get them there, or they would have them in a box. A mechanic generally had his box of tools on the job. Some of these other fellows would have a 10-cent hatchet or saw under their arms, and that was all they had.

Mr. MCCULLOCH. Would that be all that would be asked them?

Mr. LEWIS. Yes, sir. In my own case, they asked me what I could do. It seemed that the sanitary department required the services of a practical mechanic. Altogether, in my six weeks there, I wasn't called upon to do anything that even a farmer couldn't do (p.1937).

The lumber was practically what we would call No. 3.

Mr. LEWIS. I believe it was either the latter part of June or early in July, 1917, our local union took action in some way instructing our business representative to call upon Bates & Rogers and offer to place a competent mechanic in their employment office, and then, if necessary, we, the carpenters' union, would pay the man's salary, in order to insure the company getting mechanics. That part I know. From hearsay I understand that our business representative called on them, and the offer was declined.

Mr. MCCULLOCH. Do you feel that it would have expedited the work, getting mechanics on the job?

Mr. LEWIS. I know it would have, putting mechanics on the job. if that was what the Government desired.

Mr. MCCULLOCH. Would the placing of competent mechanics upon this job have expedited the work and have facilitated and accomplished it quicker?

Mr. LEWIS. Yes, sir; and made it infinitely cheaper to the Government.

Mr. McKenzie. Did your union, as a union, oppose the employment of nonunion men on that job?

Mr. Lewis. No, sir; they did not, to my knowledge, it seemed there had been an agreement made between our international union and the Government that during the war we would waive that one rule in regard to working with nonunion men and the Government granted us the right to organize these men on the job, and at no time was there an effort made to try to force the closed shop issue (p. 1938).

Mr. McCulloch. Go ahead.

Mr. Lewis. I went into the camp as a sanitary carpenter. My duties were to travel back and forth throughout the entire camp every day for as often as possible and see to it that the temporary lateriel and kitchen doors and things of that sort were put up so that flies couldn't get in and spread disease and my work was a joke. There was nothing to do. I don't think I had but two jobs that amounted to anything in the whole six weeks I was there and when the base hospital was established down there, there was a bunch of young officers came and one of them was a personal friend of mine and he asked me to make him a small table for use in his quarters and out of a pile of scrap I picked up stuff enough to make it. It was a little table about 20 by 30 inches and Mr. Weston, I believe he was the assistant field superintendent for the Bates & Rodgers people, heard that I had made this table for this officer and he asked me about it and of course I admitted it and he gave me, well, what is accepted popularly as a "bawling out" for doing that work for that officer, rather than confine my work to what he or Capt. Michie would tell me to do, and I explained the matter to him then, that I was loafing about 90 per cent of my time and that I did it in order to pass the time away and he said: "I don't care if you loaf 10 hours a day if you just take the orders we give you and those only," and I thought about the matter and I picked up my kit and came to town and went to work for a contractor (p. 1939).

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Mr. Lewis. I believe if our carpenters, if our international carpenters union had been given a free hand in that matter they could have furnished mechanics to build all cantonments in the United States just as quickly as was done, except, I believe they could have done it cheaper as well. They had the means I believe of getting together large numbers of mechanics, more so than any other agency had (p. 1939).

Mr. McKenzie. Before proceeding with the examination of these witnesses I want to make a brief statement for the record. I have noticed, as the other members of the committee have, that the contractors who had the contracts in question at Camp Grant have been present during these hearings and it is, of course, the purpose of this committee to get at all the facts; we are not out here as a prosecuting committee or anything of that kind; we are sent here by Congress to get the facts, and I want to say to the contractors and their representatives that when we get through with the witnesses appearing on the other side that they will be given the privilege of having their attorney make a statement for the benefit of the record, or they can prepare a statement to be signed by the contractor and sworn to by him, or not sworn to, as he chooses, to be put into the hearings as a part of the record; or, if preferable, the con-

withstanding the further fact that the work under the contract that you did have had been perfectly satisfactory to the Government? Is that a fact?

Mr. BECKSTROM. Yes, sir.

Mr. McCULLOCH. And when the Ericsson Co. came upon the ground to enter upon the work under their first contract, did they bring any organization here?

Mr. BECKSTROM. Why, I don't know just exactly what organization they had. The only two men that I know that they brought to Rockford was Mr. Walter Ericsson and his superintendent, a man by the name of Larson, if I remember correctly; but, aside from that, I don't know whether they brought anybody else here or not.

Mr. McCULLOCH. How did they develop their organization, if you know?

Mr. BECKSTROM. Well, I suppose they went about it just like anybody else would have to do—they hired men as they could. Of course, they had our organization there and they took a great number of the men we had. As you know, at that time all building work had been curtailed and they hired our superintendents and foremen to proceed with the work.

Mr. McCULLOCH. As a matter of fact, they absorbed your organization?

Mr. BECKSTROM. Practically in its entirety (pp. 1909–1916).

Mr. McCULLOCH. State whether or not you were in a position to handle this work yourself. Your organization.

Mr. BECKSTROM. I believe we could have handled it very satisfactorily.

Mr. McCULLOCH. Without letting a subcontract?

Mr. BECKSTROM. Just as well as not. I don't see any occasion to subcontract it.

Mr. McCULLOCH. You are, of course, familiar with the provisions in the contract.

Mr. BECKSTROM. Yes. When you subcontract all these to subcontractors they all have to make their profit and that makes an additional expense to the Government.

Mr. McCULLOCH. And you were in a position to handle this work with subletting?

Mr. BECKSTROM. Yes, sir.

Mr. McCULLOCH. And in that way would have been able to have saved to the Government these items which went to the subcontractor; is that right?

Mr. BECKSTROM. Well, those were the facts we tried to bring before the Government in presenting our claim.

Mr. McCULLOCH. Did you bring that fact to the attention of the Emergency Construction Committee?

Mr. BECKSTROM. We did.

Mr. McCULLOCH. And in the face of that representation upon your part which was sustained and supported by the business interests of Rockford and in addition to the fact that you had completed a contract satisfactorily for the Government at Camp Grant, in spite of all that this contract was let to the Henry Ericsson Co., who let five subcontracts under their original contract?

Mr. BECKSTROM. That is correct.

Mr. McCulloch. State whether or not when the original contract was let for Camp Grant to Bates & Rogers, you made any effort to get the work?

Mr. Beckstrom. No; I did not.

Mr. McCulloch. Would you have been willing as a contractor to have bid on the work if you had had opportunity?

Mr. Beckstrom. Why, I suppose that I would have been willing to if I had had the opportunity, but of course the magnitude of that work would have prevented our firm from performing it without going out and getting assistance with which to do it.

Mr. McCulloch. What would you say as to whether or not at that time it was a practical proposition to let the contract under the bid system?

Mr. Beckstrom. Why, I believe the Government could have let contracts at that time by bids, because there was a great surplus of labor, as you know. Later I suppose it would have been more difficult, but then there was an abundance of labor, and the contractors are a daring crowd, and they would have bid that work in, there is no question.

Mr. McCulloch. Material prices were more or less fixed as they went along?

Mr. Beckstrom. Yes; they were.

Mr. McCulloch. There was very little construction going on in the country, which increased the volume of labor available?

Mr. Beckstrom. Well, the prices of labor and material were of course fixed by the Government. They could have been fixed under a competitive contract just as well as they could have been under a cost-plus contract.

Mr. McCulloch. If the work had been performed under a lump-sum contract it would have decreased the risk of the contractor,

Mr. Beckstrom. Yes; it would to a great degree. Of course, the contractor has no control over the lowered efficiency of his men, due in a great degree to that which always happens whenever there is a great demand for men.

Mr. McCulloch. There were many provisions that might have been put into a contract, such as if the wages went over a certain amount the Government would take care of the company, and the same if the materials went over a certain amount?

Mr. Beckstrom. Well, that is the way we do to-day, with conditions as they are at present; we won't enter into a contract at a fixed sum unless we can have a provision in the contract that if there is an increase in the cost of labor or materials that the owner will pay the difference.

Mr. McCulloch. Is that a proper provision?

Mr. Beckstrom. I imagine such a provision would have been necessary, due to the magnitude of the work involved, because if there wasn't such a provision as that difficulty would be experienced in getting a contractor to bid on a lump-sum proposition unless he had been given that assurance.

Mr. McCulloch. But with that assurance in it is a perfectly practical proposition, is it not?

Mr. Beckstrom. Why, I should judge it to be very practical.

Mr. McCulloch. A lump-sum bid?

Mr. JOHNSON. Yes, sir.

Mr. MCCULLOCH. Will you tell the committee what that conversation was?

Mr. JOHNSON. I put two men hauling tables and placing them in a mess hall, and Walter Ericsson came along where I was in another part of the unit and asked me who those men were working for that were hauling tables, or who they were working under. I told him they were working for me. He said they were sitting on a table in the mess hall. I asked him what they were doing, and he said nothing in particular. I said, "I suppose they think the same of you as they do of me." He said, "What is that?" I said, "My orders are not to discharge them under any conditions; I suppose they think the same of you." He said, "Well, I had to issue that order."

In my opinion, they did not want men to leave, because they wanted to keep them on the pay roll, whether they had more men on than was needed or not. The order was after the armistice was signed. I think some buildings were laid out and started after the armistice was signed in the east section of the detention camp.

Mr. ELMER T. SPECK, Rockford, Ill. (pp. 1949–1956):

Worked at Camp Grant. Have been a carpenter for 20 years as a foreman and unit superintendent. On July 3, 1917 to the 13th of November under Bates & Rogers and then under Beckstrom and Ericsson afterwards. Had an opportunity to observe and did observe the methods of construction and how the men worked and how the materials was handled. Under Bates & Rogers they had bad material and it took six or eight men to cut out the bad stuff for the other men to lay flooring. Lots of them were qualified carpenters; most of them. Think that was true under Beckstrom and Ericsson, in my unit I am speaking of. I was instructed to build a cement shed and then had orders to tear it down from Larson, under Ericsson; it was pretty well along.

There was probably some loss because too many men on the job, probably 25 per cent too many. I had other buildings so I could keep my men spread out. Once I came near being discharged for not building faster.

Mr. WILLIAM H. BARNES, Rockford, Ill. (pp. 1956–1960):

Real estate broker. Connected with the chamber of commerce. The rental price on Camp Grant is blanket lease of $20 per acre. I would say that was an unusual rental for land in this community. $8 or $10 was about the average price for lands of that character at that time. Our purpose was purely to help the Government. We did not enter into the lease for the purpose of speculating or making money out of it. In the end we did make some out of the rentals. It was hard work to get them to sign at any price. A syndicate was formed to take over the farms where the farmers refused to rent their lands to the Government for any price or consideration, and we bought those farms and sold them to the Government at a net profit. From the difference in the price paid and the amount received for damages got a total of $21,388.34 to be distributed among 16 sharers.

I personally spent about 14 months for the Government without pay on this deal except the profit I got out of this. I was constantly at the call of the Government officials to straighten out matters they did not understand or any account for damages, or a buffer between the civilian population and the military. In the light of the situation as it is now, there has been a tremendous increase in value and sale price of land between 1917 and 1919. The prices paid are not exorbitant. I do not think in any case over $300 an acre was paid. I think the prices were mostly reasonable in light of the time they were purchased. Two or three have not been settled and condemnation suits are now on. It is because we thought the prices were unreasonable. The camp site is right next to Rockford and it was in the direction where industrial development would naturally take place, right up next to it. That has some bearing on the value.

Mr. W. C. SULLIVAN, Rockford, Ill. (pp. 1960–1964):

Worked as laborer for Bates & Rogers from July until they finished up in various parts of camp. Belonged to the "pole gang." There was loafing on the job. Saw men that were doing nothing. Saw men, checkers, pretending to be checking lumber, or supposed to be checking lumber. Sometimes they were fooling around. Lumber was taken out of both sides of the car. Sometimes they piled it up; sometimes not.

Mr. JOHN E. PETERS, Rockford, Ill. (pp. 1964–1971):

Carpenter by trade. Have been employed as representative of carpenters' union for a number of years. Been a journeyman carpenter for many years. Took an interest in the employment of carpenters on the Camp Grant job. Had interviews with Mr. Lanahan, of the Bates & Rogers Co., their general superintendent. He had general supervision of the hiring, but others did the hiring.

The first subject—first, when we found, when we got the information that the camp was coming to Rockford, that we were going to have the cantonment built in the neighborhood, we thought we would be called upon to furnish carpenters, and the subject was taken up in the union and plans made for us to give what assistance we could give in the construction program; and we started out, started to mobilize carpenters in surrounding towns, and, in fact, other States; finally Mr. Lanahan came to town and I found out he was in town and I went to the Nelson Hotel and met him and told him who I was and told him I had made efforts and was making efforts to procure carpenters qualified for the work, and he stated I would be called upon to furnish men; finally, I think it was probably the 26th of June, 1917, or somewhere about that—I couldn't exactly state the date—Mr. Lanahan called upon me, or I called on him, I don't know which, but at any rate I was told to bring 75 men the following Monday morning; I think this was on Thursday or Friday, and I telegraphed to Chicago; they had promised to furnish me up to nearly 4,000 men from Chicago, carpenters, if it was necessary.

Later I got many out and was not able to get them put on. After the camp opened I sent out more men than they could put to work, and I called their attention to it, and they said they couldn't get the

material here, and I pointed out the fact there was a bunch of unqualified mechanics that probably never saw carpenters' tools on the work; in fact, a lot of them had never worked with a carpenter's tools; I wanted them put off the job and our men put on.

Mr. McCulloch. What was the result of your efforts along that line?

Mr. Peters. Not very successful; from time to time our people had to wait.

Mr. McCulloch. Did you take that up with Lanahan?

Mr. Peters. I called his attention to it.

Mr. McCulloch. Did you tell him you had unqualified carpenters?

Mr. Peters. He knew that.

In the meantime lots of men came who were not qualified and they were put on and kept, though my men who were qualified were not. That was a daily occurrence. I called it to the attention of Lanahan and Horton, unit superintendent. I called his attention to five bartenders that had come in from Rock Island, that came in with that kind of tools; they were lined up in rows outside of the employment office; I pointed out that they were bartenders from Rock Island, and could tell what kind of carpenters they were by their tools; at that time he chased them out of the line, but two days later they were on another kind of work.

Mr. McCulloch. What happened to your men then?

Mr. Peters. Our men were put on when they could find work for them; it depended when the material came along; maybe they were put on a day or two later; that is about the limit they had to wait.

Mr. McCulloch. At the time they were waiting, these qualified men, do you know of any instance where these unqualified men were put to work?

Mr. Peters. They were always put to work; very few were discharged for not being qualified; there was about an equal number: in fact, I believe it is safe to say an equal number of unqualified mechanics would be discharged as ours.

Mr. McCulloch. During this time they were shipping them in?

Mr. Peters. Yes, sir.

Mr. McCulloch. And taking them on the job?

Mr. Peters. Yes, sir.

Mr. McCulloch. These fellows who didn't have qualifications?

Mr. Peters. Yes, sir.

I remember a shipment of about 700 from Indianapolis—a trainload. I do not believe that two out of five were qualified. The rest were cooks, bartenders, or from any other business. They all went to work right away. I had qualified carpenters there waiting to be put on the job. They didn't put them on at that time. That was the usual condition of affairs practically all the way through.

I believe that if all had been qualified mechanics they could have done it in less time with fewer men.

Mr. McCulloch. Now, the contention being advanced that this was an emergency, with speed and haste being all-important, do you feel that they were justified in employing that class of men?

Mr. Peters. That was the contention.

Mr. McCulloch. I am asking from your knowledge and experience as a carpenter whether or not this system of hiring everybody

and putting them on the job, whether they were qualified or unqualified, especially carpenters, hurried the work along?

Mr. PETERS. No; I don't think it hurried it along.

Mr. MCCULLOCH. Do you think it delayed it?

Mr. PETERS. Yes.

Mr. MCCULLOCH. There can be no doubt about the expense if your statement is correct that half the men, if efficient, could have done the work just as quickly?

Mr. PETERS. Yes.

Mr. MCCULLOCH. Because the other half was deadweight?

Mr. PETERS. And in the way of the efficient men.

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Mr. MCCULLOCH. Is it your opinion, from your investigations out there and from your observations while on the job, that this inefficiency and waste, which resulted from having these inexperienced men on there, was carried on deliberately by the contractor, or was it an error in judgment?

Mr. PETERS. That would be pretty hard for me to judge. I wouldn't want to condemn anybody, unless I had the positive information. I wouldn't say it was deliberately done, but if it wasn't deliberate it was a grave error in judgment.

Mr. MCCULLOCH. What would you say about the men being kept at work at all times?

Mr. PETERS. Well, as well as they might. Of course, there was considerable loafing, and at one time too many men were on one building—by far too many to work to an advantage—lots of them couldn't work because there was too many on the building.

Mr. MCKENZIE. I think you have stated that so far as you were able to observe that the men who were union men were performing faithful work out there?

Mr. PETERS. Fairly so; yes; with a few exceptions.

Mr. MCKENZIE. Men with union buttons on.

Mr. PETERS. There was some exceptions, but I regard that due to the fact that there was so many incompetents and it was not worth while to make the supreme effort.

Capt. L. H. Moss, utilities officer at Camp Grant:

Have list of supplies of building material on hand. When I came last August there was about 9,698,139 board feet of lumber of miscellaneous sizes and lengths; 3,000,000 feet sold to I. Luria & Co., through Phillips & Slesson Co., of Washington. Members of a board disposed of surplus lumber throughout the Army camps. I believe they are representatives of a lumber association which consists of the main lumber producers of the country, such as the Southern Pine Lumber Association, same agency through which the lumber was purchased. I have no authority to sell it.

Col. COOPER (interposing). If the committee please, I have charge of that and I will be glad to give you all the information I can (p. 1973).

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Mr. MOSS. The lumber at Camp Grant—there is a large surplus of lumber there; this surplus is being distributed throughout the various

Mr. McCulloch. Do you know when the work was completed, then, that you had been working on?

Mr. Small. Why, Butler and the assistant—he come up and monkeyed around there, I guess, a month on those five flues, so far as I could find out. This machine was borrowed from the quartermaster, and it is still out there in operation to this day.

Mr. McKenzie. Was there any inspector ever visited you while you were working on that job and found any fault with the character of your work; that you weren't performing it in a proper manner?

Mr. Small. No, sir.

Mr. McKenzie. You weren't put off the job, then, on account of not being competent to handle the machine?

Mr. Small. No, sir; I was reduced to a laborer and sent to the camp laundry (p. 1929).

Mr. O. W. Armagost (pp. 1929–1923):

Worked at Camp Grant under Ericsson & Co. as a carpenter. Fifteen or twenty-five in my gang. Less than 50 per cent qualified carpeters. Rest of them would do very well to husk corn; they were not very good at the carpenter business. Would say they had 25 to 35 per cent more than could work satisfactorily. The effect was bad for the morale of the competent men. Man didn't have the heart to go to work like he would otherwise; he wasn't interested in the work so that if the purpose was speed the effect was the contrary. Loss of time and delay. Had certainly increased the cost; they were drawing the same pay as competent men. He could not have done that kind of work if the contractor had had it on a lump-sum basis, where the loss would have been out of his pocket. He could not have used that class of labor and got by, in my judgment; from my experience.

Well, there necessarily was some waste, with the labor that was doing the work, because the work that I personally saw, of course, was all practically lumber work, timber work. And a man would take a piece of timber and cut it for the place it was supposed to go and if it didn't fit, why, he would cut another one and try to fit it again. In that way there was a lot of lumber wasted. Of course, I didn't see where this lumber went to that was wasted because it was usually cleaned up after the carpenters left the work, so that I don't know what they did with the material; but there was a whole lot of it laying around, and when I came on the job in the morning and looked over there the waste was usually cleaned away (p. 1931).

Some of the men from Chicago would work Saturday afternoon and Sunday, and they lay off Monday, and get back on the job Tuesday. They would always work overtime and get the big pay for working Sunday. One of them said, "That is pretty snappy, we are taking our Sundays any day of the week that we want to and working along with the rest and drawing the big pay." This was under Ericsson (p. 1931).

Didn't seem to be any effort to eliminate waste. It looked as though contractor or his agents knew it. I have had 25 years' experience as a contractor. I think it would run very close to 50 per cent of the men called carpenters who were not. All classed as carpenters and receiving carpenter's wages. I think it could have been

At pages 1976–1979 is printed the list of surplus building material on hand at Camp Grant as of November 10, 1919, showing among other things the lumber as stated, 500 urinals, 200,000 square feet of plaster board.

Mr. PETER YDE, Freeport, Ill. (pp. 1980–1985):

I am foreman for the Gund-Graham Paving Co. Worked at Camp Grant for about five weeks in the fall of 1918. Foreman of grading. Duty to unload and spread material and haul. I saw teams in the back of buildings so that they could not get caught quite a few times.

Sometimes 16 to 20 teams came with material and there wasn't enough material; then if they took the teams off and only left one team haul, then there was too many men for one team. The work was not properly balanced.

It would have been done that way under a contract. Done in Olson's unit. Six teams were standing in the shade for half a day at a time within three blocks of Ericsson's office. I do not know the reason. I was not permitted to discharge anybody. I discharged one man and was told not to discharge any more by Pete Warner, assistant general superintendent. Well, you know when a foreman hasn't the right to discharge any men, he hasn't any control over them. I did not get anywhere. If I told a man to do something he told me to go to hell; that is just plain.

There were three steam rollers with operators standing idle for two weeks in the main camp; close to two weeks. The Government was paying $20 to $25 a day. A private contract would be handled different.

Mr. BURT TUSLER, Freeport, Ill. (pp. 1985–1986):

Worked at Camp Grant under Ericsson at the excavator. I figure there were too many teams for the work; result that some of them were bound to be idle. Only worked a week; quit of my own accord.

Mr. AUGUST THIEL, Rockford, Ill. (pp. 1986–1992):

Carpenter. Have been for 15 years. Worked at Camp Grant for Bates & Rogers from July to November. Was in various gangs. Averaged from 20 to 40. Qualifications, very bad. When I first came out there he says, "Are you a carpenter?" I says, "Yes." "Good," he says, "I have only got four and I want to get some more." That was 4 out of 18. Others were on the pay rolls as carpenters.

Mr. THIEL. Well, it was rank. I should say that if you tried to do anything they would all either want to help you or they would watch you, so that you would be doing the work and they would be watching you, either one of the two.

Mr. MCCULLOCH. And the effect of it was that the carpenters were interfered with.

Mr. THIEL. Well, they were interfered with, or it made you so you didn't want to be interfered with at all, because if you started to do something there would be two or three men start to help you and four or five watching you, and you would feel just as though you were in the way, I did anything, and I told the foreman.

Got on a different gang; had freedom of working; man that gave orders at least knew his business.

Mr. McCulloch. Was there a good deal of idleness on that job?

Mr. Thiel. There was lots of it because of the fact the men didn't know what to do, some of them, and the others wouldn't work. I know one man told me he didn't come to work, he said, at Fort Harrison, they didn't work Sundays, they went down in a field, and he said they weren't going to work at Camp Grant either. Whenever the foreman would come around he would move, and he wouldn't work when he wasn't there watching him.

Mr. McCulloch. Was the foreman on the job right along?

Mr. Thiel. The foreman would walk upstairs, and as soon as his back was turned and he wasn't watching them they would stand still, they would make a move to be going somewhere, but they didn't do anything.

Mr. McCulloch. What do you say to the committee as to whether or not the work done on that job under Bates & Rogers was the kind of work that would have been done under a private contract?

Mr. Thiel. Well, under a private contractor they would have put responsible men in there, and they would, at least, have had character enough to have weeded these men out or give them something to do that they could do.

Mr. McCulloch. But under the situation, as it prevailed at Camp Grant, that wasn't done?

Mr. Thiel. They either couldn't see it or didn't want to see it. It was a proposition that was all wrong. These men came along on horseback, and you couldn't tell what was in their minds. Of course, some men would move when they saw them coming, and it wasn't noticed, but I should think that the supervisor would look deeper than that if he was responsible.

Mr. McCulloch. What about discharging men?

Mr. Thiel. Why, it seemed to be a prevalent idea that they would lay off good men as well as poor men and hire about as many again the same day. There was common talk there about that.

Mr. McCulloch. Have you worked on a good many jobs?

Mr. Thiel. I have, yes, sir.

Mr. McCulloch. Been a carpenter how many years?

Mr. Thiel. I have been a carpenter for 15 years and I learned my trade before that as a stair builder.

Mr. McCulloch. Did you ever see anything like the conditions prevailing at Camp Grant?

Mr. Thiel. Not quite as bad. I have seen big construction like the Northwestern University, where the men would loaf when they would get the opportunity, but if they were caught they were off the job for good.

Mr. McCulloch. What was the situation at Camp Grant?

Mr. Thiel. Well, it seemed like they could go right back to the employment office and go to work again right away. I know Joe Mulhern discharged one man three times, he couldn't get rid of him, he came right back.

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Quite a waste because men did not know how to handle lumber. Would throw it down flat and it would split in two pieces, couldn't

be used, went to the waste heap, particularly that poor grade of lumber.

Well, at times we had carpenters and they were all working, and at times maybe two-thirds of the men would have done the work just as quick without exerting themselves, because these men would be told to do something and they wouldn't know what it was, and naturally they didn't do much (p. 1989).

One time men were making toy bungalows and putting furniture in it as a present to Mr. Ames. Done in the barracks on Government time. Men had Bates & Rogers buttons on. If he didn't work for them he didn't have any business with a button.

Ames also got a watch and chain from the men.

Was unit superintendent for Bates & Rogers. Lumber was so bad it split and slivered and you would throw away two or three pieces before you would get a good piece and then you would drive a nail into it and it would split. It was good lumber for certain purposes, but it wasn't good lumber for the purposes it was used for out there.

Scrap pile was never sorted. Have seen it heaped up and set afire to.

Mr. W. Bruce Dean, Rockford, Ill. (pp. 1992–1998):

Carpenter contractor. Began work September, 1918, for Henry Ericsson Co. Gang was 19 or 20. Unit foreman was Mr. Nielson; also worked under the Olson unit. We had orders not to discharge anybody. Nielson gave them to me. I got a man discharged and he went to work elsewhere.

Mr. McCulloch. Was this loafing and idleness within the knowledge of Mr. Nielson?

Mr. Dean. It was reported to him several times, and I think Mr. Nielson tried to do the best he could to remedy it. I think he had the same orders not to discharge any man.

Mr. McCulloch. And the effect of that would be what?

Mr. Dean. Well, all the men were very independent and wouldn't mind anything you would say.

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Mr. Dean. Well, as I said, most of their loafing was in the latrines, or up amongst the hills and the trenches.

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Mr. McCulloch. Nature had provided a place?

Mr. Dean. It seems like it, and the trenches that the soldiers had dug there.

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Mr. Dean. There was one place where there was one of the checkers, that there was a man stood in with him, and he checked his little white ticket two different times that I know of, and the man wasn't on the job at all. That was two different forenoons.

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Mr. Dean. I had a card I was supposed to make out every day of the men that were on the job, and how many hours they were on the job, and give them full time for the time they were there, and overtime, time and a half, and Sundays double time.

Mr. McCulloch. What did you do with your report? Did you turn it over to anybody?

Mr. Dean. Yes; there was a man came around every evening and took these reports, and there was a Mr. Miller that oversaw that.

Mr. Miller took my check; I do not know who he represented. Didn't seem to me that the fellows who came around to check could see their men.

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Mr. Dean. Well, I don't think that it was done with the interest that it would have been done if it had been a contract job.

Mr. McCulloch. That is, a private contract on a lump-sum basis?

Mr. Dean. Yes, sir. It might not have been done intentionally, but it wasn't watched with the efficiency that it would have been watched if it was contract work. They would have lost a lot of money there by contract work.

Lots of inefficient men always cause delay. Under lump-sum contract I think it could have been done quicker and cheaper. Incompetent men wasted materials, because they cut a lot of lumber that a competent man would not. The waste was considerable. Quite a common occurrence to go into a latrine and find men shooting dice. I have heard them saying, "There goes the last of my week's wages." I know I reported it to Nielson two or three times. I fired three or four of them; that didn't stop it altogether.

As to the teamsters killing time, I don't know whether it was really the fault of the teamsters, but I noticed lots of times teams would be standing waiting to be unloaded of lumber and the men would be standing around on the other side of the barracks, not knowing what to do—that is, laborers—and you would ask them if they wouldn't go up and unload that team, and "You go to hell: I don't have anything to do with you," that is the answer I would get.

Gray had charge of hiring the carpenters under Ericsson. They went to work at 70 cents an hour; sent me lots of them I would not have. I would say that 25 per cent were not qualified. There was a lot of cement blocks in the ditch. And he said he would not bother, just cover them up in the ditch and let them go and that was done. I think there was enough for foundations for three small houses.

Warner, Ericsson's superintendent said that.

Mr. Gordon Lyddon, Rockford, Ill. (pp. 1998–2001):

Began work at Camp Grant, fall of 1917 until November, 1918, under Bates & Rogers and under Ericsson. At first we laid them off right and left for quite a time, and after it got so busy they were scarce, and my instructions from Supt. Renwick was not to lay off a man until I found out thoroughly that he was no good, to change him around under another foreman. I was general labor foreman. There was too many men, as high as 20 to 25 men on the side of a roof, where 8 or 10 could have done it easy. They were so close there was hardly 3 feet of space between them. They were in each others way; they could not help it. That was on a regulation barracks, on one side. It was common talk among the steam fitters that no man would do more than another. That if he did and kept it up he was sure to be let out, they would not have a pacemaker among the crowd and the pacemaker got fired.

Men that I rated as laborers got on as carpenters.

I saw one carpenter come back with a hammer and a square and a meat saw, and he was employed as a carpenter. Many men would pick up a ripsaw for a cross saw and couldn't tell the difference and would use it as such. Worked as carpenter since I was 16; am now 29.

Mr. THOMAS F. LIGGETT, Freeport, Ill. (pp. 2001–2005):

Worked at Camp Grant from July, 1917, until December 1, 1917. Returned middle of August, 1918, and stayed until January, 1919. Under Bates & Rogers and Ericsson. Under Bates & Rogers I had two teams; under Ericsson four. There were many idle teams. Hauled water, and often saw idle teams and teams shirking and killing time. Saw about 50 men on one mess hall; pretty crowded.

Well, for instance, under Mr. Ericsson, out at Eleventh or Twelfth Street—I wouldn't be certain which—and there were so many men around the wagons they were in each other's way. I was doing scraper work right there and the boss sent in part of them and they came down and told me about it. He was a foreigner—a Swede, if I am not mistaken—and he told me why did they send them in. They couldn't use them, afraid they would cut one another's hands and feet with the shovels. In a little while they came back again. I asked them what was the matter, and he said, "There it is; I send them in and they send them out;" he says, "I don't give a damn if there is 700 of them around any more."

Mr. MCCULLOCH. Who said that?

Mr. LIGGETT. The boss.

Mr. MCCULLOCH. And he was working under whom?

Mr. LIGGETT. He was working on the Ericsson contract, helping to grade that street. I think there was three or four bosses there; there was Bill House, of Janesville, and Fred Paul, from Aurora, I think it is, and another fellow.

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I have hauled all lengths of good boards right to the scrap-lumber pile and thrown them on the scrap-lumber pile and hauled them to the dump on the east side of Eleventh Street, and piled them up and saw them burned up.

Mr. MCCULLOCH. Good material?

Mr. LIGGETT. Good material; nothing was the matter with it except it had been laying in the mud and had probably been walked on, but it wasn't anything but what the rain would wash off and just as good and maybe better than you could buy in the lumber yards in the city.

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I was sent up to the Read unit one day on the east side of Eleventh Street to haul out the lumber that was taken up there that hadn't been used after the armistice was signed, and when I got there I found men and teams and everybody standing behind the barracks and not working at all. In fact, I was there from 1 o'clock until about 4 before I got a load, and then only got a jag. I would not have stood for that kind of business under a lump-sum contract.

Mr. JAMES ILER, Ridott, Ill. (pp. 2006–2008):

Began to work at Camp Grant June 26, 1917, as a carpenter. They were not all qualified carpenters. Effect was that men who understood their work were bothered by those who did not, and delayed.

Mr. D. L. HARE, Rockford, Ill. (pp. 2008–2011):

Carpenter. Six years' experience. Worked at Camp Grant from July, 1917, until middle of September, 1917. First under Mr. Thurston, under Bates & Rogers contract, until about middle of September, same year. Worked for Erricsson about two months as a carpenter. I should say 50 per cent of those working as carpenters for Bates & Rogers were very poor carpenters.

Part of them would probably pass if they had had anything like second-grade carpenters; some men naturally could nail on rough lumber, and things of that kind. As it was, they were all drawing first-class carpenters' wages—journeymen's wages.

Mr. MCCULLOCH. If this contract was being done on a lump-sum basis, would such men have been employed, in your judgment?

Mr. HARE. No, sir; not at the regular wages. One job I worked on for one engineer they had two classes of carpenters, one at 65 and one at 25 cents and hour, and in that way they handled them pretty well.

Mr. MCCULLOCH. But these men were all on at the same wage?

Mr. HARE. Yes, sir; at the high wages.

I have heard different foremen under Bates & Rogers say they could not discharge their men, but simply transferred them to somebody else. Fred Gorham told me that. He claimed to be an old man with Bates & Rogers Co.

Mr. MCCULLOCH. Why were you discharged in July?

Mr. HARE. Well, we were laying a subfloor and it didn't seem to be a very particular job, as anybody would know that was a carpenter. In fitting up around the joists or studding, I didn't take the time to make a good joint. We would cut it somewhere near, because the wainscoting and the second floor covered it all up, and he told me about it several times and I thought it wasn't necessary and I kept on doing it my way because I knew it was saving time and it was just as good, and pretty soon he brought a little ticket around and told me to go, and I went, and hired out that afternoon.

Mr. MCCULLOCH. Where?

Mr. HARE. At the same place. I told the fellow I hired out to about it and he sent me over to a different unit.

Mr. MCCULLOCH. You were taken right back on the same job under the same contractor?

Mr. HARE. Yes, sir.

Mr. A. D. BROWN, New Milford, Ill. (pp. 2012–2017):

Leased land to the Government, 251 acres, lots right alongside Camp Grant. Worked at Camp Grant under Bates & Rogers. Observed the number of teams on the job, and men. Big warehouse down at our end, 60 feet wide, snag of men working down there; some of the farmers working there as carpenters; I should say 25 per cent too

many men there. I would not say the men did a day's work. I went to the camp frequently.

There seemed to be a lot of idle people around there, walking around, didn't seem to be doing anything. The plumbers were the worst I ever seen. Whenever we would drive up to a building and throw off the plumbing supplies the plumbers were standing outside and didn't seem to be doing anything. I don't know if they were supposed to be doing anything or not.

Mr. McCulloch. If this contract had been let on a lump-sum basis what would you say as to whether that would have occurred or not?

Mr. Brown. They would have worked or got out of there; they would have had to work.

Mr. McCulloch. And under the Bates & Rogers contract they didn't work?

Mr. Brown. Well, they didn't have to work as hard; no.

Mr. O. I. Prentice, New Milford, Ill. (pp. 2018-2020):

Worked as carpenter at Camp Grant under Bates & Rogers, 5th of July, 1917, under Oscar Malmstrom. Think there was a third, maybe a half too many men, and lots of them not qualified. There was not room for them to work. Did not happen very often. They were not properly classified. Too many in the first place. Both competent and incompetent men. Lots of material there wasted. Do not know what became of it. Probably two-thirds would have done the work just as well.

Mr. George S. Stine, Freeport, Ill. (pp. 2021-2024):

Worked at Camp Grant under Bates & Rogers and Ericsson.

Of course, I couldn't estimate exactly, but there was too many men on lots I saw; too many carpenters, and too many teams doing nothing, working two or three hours a day, I should judge; that was the regular time they put in.

Mr. McCulloch. You worked as a teamster?

Mr. Stine. Yes; owned my own team.

Mr. McCulloch. Did you get around the camp pretty generally?

Mr. Stine. Oh, yes; pretty generally in various places.

Mr. McCulloch. What was your observation as to the men all over the camp, as to being too many or too few?

Mr. Stine. Too many.

Mr. McCulloch. When you say too many what do you mean; too many to do good work?

Mr. Stine. To do good work, where half of them could have done the work.

Mr. McCulloch. How much work did your team do under Bates & Rogers?

Mr. Stine. Some days three hours was the most.

Mr. McCulloch. Did other teams do more or less?

Mr. Stine. I didn't watch them all; about the same, I should judge. Some didn't do that much.

Mr. McCulloch. How many hours a day did you get paid for?

Mr. Stine. For 10 hours.

Mr. McCulloch. How much an hour?

Mr. STINE. About 87 cents, I think. We got $10.80 for 10 hours.

Mr. McCULLOCH. While your team was on the job?

Mr. STINE. On the job; yes, sir.

Mr. McCULLOCH. What do you say about the waste of lumber under the Bates & Rogers contract?

Mr. STINE. Well, I helped to haul it where they burned it up now; I should say carload after carload; my judgment is 15 or 20 acres of it, and there was good lumber in it; I couldn't say it was all good lumber, but there was good lumber that was destroyed.

Mr. McCULLOCH. Not sorted?

Mr. STINE. Not sorted at all; everything throwed in and throwed on these piles as high as we could pile it and burned up.

Mr. McCULLOCH. Were you cleaning up after the barracks had been completed?

Mr. STINE. After the barracks; yes, sir.

Mr. WILLIAM SAYLOR, Freeport, Ill. (pp. 2024–2027):

Worked at Camp Grant under Bates & Rogers, also Kehm Bros., under subcontract. On some jobs there seemed to be too many and on some there didn't seem to be enough at times. When there were too many they were in each other's way. They could not accomplish as much as fewer men would have accomplished. As to the steam fitters and carpenters and plumbers, they seemed to work a good deal the same; some of them worked and some of them didn't.

Mr. A. H. KINSON, New Milford, Ill. (pp. 2027–2030):

Worked at Camp Grant under Bates & Rogers, in July and August, 1917. Seemed to me too many teams to keep them at work. There were 300 or more; at least one-half of them could have done the work easier. Got $6.50 at first, then $8.80; Lorden paid us $6.50: suppose he got the regular price, $8.80, from the Government; I understood so later. The loading and unloading of the wagons was pretty slow. Men would take up one board at a time and unload it the same way; one at one end of the board and one at the other. It took from an hour and a half to two hours; should have taken 15 minutes.

Mr. McCULLOCH. Your estimate of double the number of teams on that job, 300 teams on the pay roll, at $8.80 a day, 50 that were idle or unnecessary, that would amount to $1,320 a day.

Mr. KINSON. Yes, sir.

Mr. McCULLOCH. That was paid out of the Treasury of the United States that, in your judgment, was entirely unnecessary; is that right?

Mr. KINSON. Yes, sir; it was.

Mr. McCULLOCH. Are you a taxpayer?

Mr. KINSON. I am.

Mr. McCULLOCH. You are probably helping to pay for that now.

Mr. KINSON. You bet I am.

I know of one instance where ten or a dozen teams stood idle for a day. Didn't have work, I suppose.

Mr. McCULLOCH. You saw them standing idle?

Mr. KINSON. Yes, sir; the reason I remember the day so well my neighbor hired out—he hired out like to-day and he said to be there

to-morrow morning because they want them, and he didn't do a tap all day. He checked in, and had dinner and checked out at night, but he didn't do a tap all day. I counted the teams, but I don't remember it.

The weather was all right that day.

SERIAL 3, PART 26.

CHARLES D. KEWISH, New Milford, Ill. (pp. 2031–2036):

Am working at Camp Grant now; began work there July 3, 1917, until November.

Right the next building west of us—I wouldn't say what the street is that runs east and west, but across Eleventh Street from us they told us there was 55 men and it looked as if there was fully that many or more.

Mr. MCCULLOCH. Now, how long did they work there?

Mr. KEWISH. Well, I couldn't say how long they worked there. When we got through they had the frame up. And we started with the bare foundation and put down our sills and raised the frame and was putting down our joists when they had the rafters up, and we finished that building and went and built some tables, I think it was, in another barracks right close there, and went on to another building before they had that one finished, so that I would not say how long they were there.

Mr. MCCULLOCH. How long do you estimate it was that they were there?

Mr. KEWISH. Well, I had no idea; I didn't pay any particular attention at the time, but I think they must have been there close unto a month.

Mr. MCCULLOCH. About 30 days, is that it?

Mr. KEWISH. Yes, sir.

Mr. MCCULLOCH. Did they work Sundays, too?

Mr. KEWISH. I heard they worked Sundays, but our gang had only a chance to work two Sundays all summer, the gang I was in, I mean.

Mr. MCCULLOCH. You say this particular gang across from you worked on Sunday?

Mr. KEWISH. I would not say every Sunday, but I heard that they worked Sundays.

Mr. MCCULLOCH. What did you hear and who told you if you did hear anything about why they were permitted to work on Sunday?

Mr. KEWISH. Well, it was the main talk of the several gangs that worked around in our vicinity there that the several gangs were paying their foremen $2 apiece to let them work on Sundays and he was finding work for them—until he got canned.

We were working at the base hospital on Service Street North, and we were skirting—that is, sheathing up on the foundations—and he told us, he says, "There is all the forenoon's work for you." We work about an hour and a half and we had it pretty near completed, and he came out there and says, "You are working too fast." He says, "Tear off some of that so that you will have something to do when the boss comes along," and we did tear off a few of them, and just practically did nothing for an hour.

Mr. McCulloch. How many men were working there?

Mr. Kewish. Well, there were me and my partner on that building, and two other men on the building next to us.

Mr. McCulloch. What was the foreman's name?

Mr. Kewish. I don't know what his name was; we called him Mack.

Mr. McCulloch. Was he a foreman?

Mr. Kewish. He was a straw boss.

It took 55 men on one barracks while our men were building a barracks just like it and a barn and some tables, and we had 32 men.

Clarence Maxwell, David Junction, Ill. (pp. 2036–2045):

Worked at Camp Grant with a team in 1917 up to November for Bates & Rogers. I presume they could have done the work with less teams if they had wanted to. They might have taken off a third and got just as much work done as the rest of them. They had them there and tried to keep them busy, it seemed to me. I would not call it a day's work. They took one stick at a time in unloading lumber, the men; could not get them to take more.

Mike Lorden was the man who had the contract to furnish all the teams under Bates & Rogers, and we hired out to him at $6.50. The Government was paying $8.80 at the time; that was what I got later; I could not tell you where the difference went. That kept on three or four weeks. I was always paid with Mike Lorden's check and later got Bates & Rogers's check.

I was hauling cement. If you piled too much they checked the teams up. There was a whole bunch of us got transferred; we told them we wasn't going to work for Lorden any more for that money, and there was a whole bunch of us changed over; might have been 200 teams. At the beginning there were 21; at the time we changed over there might have been 200 that changed over; some of them never worked for Lorden. Two hundred teams at $2.70 a day, the difference between $8.80 and $6.50, would be $460 a day that somebody got for the use of our teams. I know I did not get it. They told me I could not get on with Bates & Rogers's contract; Lorden said he had the contract for all the teams; they had to come to him the day I hired up.

Jesse D. Graham, Rockford, Ill. (pp. 2045–2052):

Teamster; live on a farm; worked at Camp Grant; had three teams; furnished drivers and hired to Mike Lorden. Understood he wanted to hire and had the contract for the teams; heard it through the country. He said, "I have the contract to furnish all the teams." He said he would pay $6.50 for 10 hours' work. We worked about three weeks before we discovered that he was making something off from it. I then learned the Government scale—$8.80. 10 hours' work, 11 hours' pay. I hired out to him because I believed what he said, that you could not get on unless you went through Lorden. The checker accepted Lorden's number; tied it to the bridle; just passed through and hollered out the number. I did not try to get on direct, because I understood he had the contract; I thought it would be wasting time.

In my best judgment there were from 175 to 225 teams transferred from Lorden to Bates & Rogers direct when we changed over.

I was going along and a Bates & Rogers foreman said, "You are going too fast." I said, "We never hurt our team." I thought he was fooling, and he said, "Well, you are not working piecework." He was serious. I do not know his name; they all had nicknames. He had a button of Bates & Rogers, the same as the rest of us.

Maj. HERBERT G. BRANNEN, Quartermaster Corps, United States Army (pp. 2052–2057):

Am major, Quartermaster Corps, United States Army, assigned to Camp Grant; have been here since January 6, 1918.

Mr. McCULLOCH. I wish you would tell the committee now about the elevator collapsing out there, and what occurred?

Maj. BRANNEN. I think it was during the month of August, late in the evening I got a call that the elevator was failing. I took men down there and found that the oats were running out on the ground. Now, the elevator is two wooden tubes resting on a concrete base; this base is high and there are two runways and two tubes. One tube failed about 14 feet from the concrete base.

Mr. McCULLOCH. By failed, what do you mean, burst out?

Maj. BRANNEN. Yes, sir.

Mr. McCULLOCH. Spread; fell down?

Maj. BRANNEN. No, sir.

Mr. McCULLOCH. Just opened up?

Maj. BRANNEN. Just opened up and the oats ran out. I had to put bulkheads in and run the oats in the runways and run a string of cars in there and empty it.

Mr. McCULLOCH. Why did you do that?

Maj. BRANNEN. Because I was afraid the whole thing would fall down.

Mr. McCULLOCH. You did not regard it as safe?

Maj. BRANNEN. No, sir; in fact I spent a very nervous evening until I got all my men out.

Mr. McCULLOCH. It was in that bad condition?

Maj. BRANNEN. I had to put men in the runways to shovel back, and I was afraid it would collapse while they were there.

Mr. McCULLOCH. If it had collapsed there might have been some casualties?

Maj. BRANNEN. Yes; there sure would have been.

We had one tube, which was clear full and the other 75 per cent full when it failed.

Mr. McCULLOCH. Have you any idea why that elevator failed?

Maj. BRANNEN. Well, there was a great deal of controversy before and after the failure. I had two practical elevator men there operating it, and both of them claimed that the design was faulty. There was no question about the workmanship; the workmanship was all right, but they complained that the design was faulty, and there were some modifications made. The equipment was changed; they were practical elevator men, and did not care to operate the elevator with the equipment that was furnished. This elevator was put up

by the Beckstrom Co., and after the failure I called upon the constructing quartermaster, and he put hoops on the tubes and pulled them back into place. In fact, there was only one of them that failed, and he pulled this tube back into place.

Mr. McCULLOCH. Was this elevator—its design and all that sort of thing—a subject of controversy around there?

Maj. BRANNEN. Yes; there was some. There was a young engineer——

Mr. McCULLOCH (interposing). What is his name?

Maj. BRANNEN. Capt. Fox was the inspector on the elevator; he always contended that it was safe.

Mr. McCULLOCH. Was there anyone else made any different contention?

Maj. BRANNEN. Well, of course, I was going more on the information given me by the elevator men.

Mr. McCULLOCH. That is, the practical men who were operating it?

Maj. BRANNEN. Yes; who were operating it.

Mr. McCULLOCH. What was that information?

Maj. BRANNEN. They said they didn't think it was safe; they didn't think it would stand up.

Mr. McCULLOCH. And finally it was proven to be unsafe; is that right?

Maj. BRANNEN. Yes. That may be due, however, to the fact that the hoops were not put on when they loaded it. According to the plan as I seen it and as I understand it now, the hoops would have gone on at the strongest part of the tube. The ribbing on the inside was made out of 2-inch stuff, one piece laid on top of the other until they got up to a height of about 14 feet, and they would jump to a 6-inch center, and from there up to an 8-inch center. These steel or iron hoops they put on would have come on the outside of the first 14 feet, and the failure was just above 14 feet, where it had been reinforced. The constructing quartermaster, in reinforcing that, spread those hoops out at its weakest place, and we have had no difficulty since. In fact, he pulled that tube in.

Mr. McCULLOCH. Pulled it in and repaired it; is that it?

Maj. BRANNEN. Yes, sir.

Mr. McKENZIE. By whom was this elevator constructed, if you know?

Maj. BRANNEN. It was built by the Beckstrom Co.

Mr. McKENZIE. Who furnished the plans?

Maj. BRANNEN. The plan was furnished by Washington.

Mr. McKENZIE. You say so far as the workmanship was concerned, it was all right?

Maj. BRANNEN. The workmanship was all right.

Mr. McKENZIE. The fault was in the plan?

Maj. BRANNEN. Yes; in fact, the officer contended that it was the best piece of work in the camp.

(At pages 2055 to 2057 of the record are printed communications from various camps to the Construction Division complaining about the elevators bulging and improper construction designs, together with the following indorsement on one of them from the officer in charge of the Construction Division:)

WAR DEPARTMENT, CONSTRUCTION DIVISION,
May 8, 1918.

To the CONSTRUCTING QUARTERMASTER,
Camp Custer, Mich.

1. Returned.
2. The weight of oats varies from 28 to 32 pounds per cubic foot, and not 50 pounds, as used by you in your strees sheet; therefore, the reinforcement is not required. The allotment for the grain elevator must not be exceeded.

By authority of the Secretary of War:

R. C. MARSHALL, Jr.,
Colonel, Quartermaster Corps, National Army,
In charge of Construction Division.
By W. G. SLOAN,
Major, Engineer Reserve Corps.

(Another of such letters is the following:)

OCTOBER 24, 1918.

From: Fuel and Forage Division, Potomac Park.
To: Construction Division, maintenance and repair branch.
Subject: Repair of elevator at Camp Dodge.

1. A telegram has been received to the effect that the grain elevator at Camp Dodge is bulging.
2. It is urgently requested that immediate action be taken to repair this elevator.
3. About half of the elevators now constructed at the camps have been reported in the past as breaking down, and recommendation was made some months ago that a careful inspection of all elevators be made by the maintenance and repair branch, but this office has no advice of action taken.
4. It is urgently requested that all elevators be given a careful inspection and strengthened and repaired where needed. It is apparent that these elevators are not strong enough to hold oats to their capacity, as when they are about half full they begin to bulge.

GEO. E. WARREN,
Colonel, Quartermaster Corps, Director Fuel and Forage Division.
By J. A. BUSHFIELD,
Captain, Quartermaster Corps.

Capt. E. J. WESSEN (pp. 2057–2063):

Have been employed by Subcommittee on Expenditures in the War Department No. 2 as an investigator. Part of my duties have been to make a search of the files of the War Department in regard to data and facts on construction of cantonments and camps.

I was in the service; originally the Regular Army, later a captain of the Signal Corps; among my duties, in charge of the statistical division charged with compiling statistics pertaining to personnel, materiél and finance, and engaged at various times on audits pertaining particularly to contracts. Am able to assemble tables and examine records and check information as to the cost of work and the various elements entering into costs.

I have prepared a summary of the cost of Camp Grant under the various contracts let by the Government for the construction. It was prepared under my supervision and figures verified by me. [Table summary is printed below and is Exhibit E. J. W. No. 1.] The total indicated does not include freight charges paid on material used by contractors at the camp. This will run the total up over $13,500,000. I have an estimate of freight: 50,000,00 board feet, at $4 a thousand, is $200,000. In the 50,000,000 feet I do not take account of the 1,000,000 feet left out there. Including the freight

on that and the engineers' fee, a very conservative estimate of the total cost of the camp would be over $13,500,000. Also, express charges not included on some of those items are large. The statement is subject to change by audits and may run considerably in excess or it may run less, if expenditures not warranted are reimbursed for.

I have examined the Council of National Defense for records in regard to the Beckstrom Co., and they are very fragmentary as instanced by a number of letters requiring answers of more or less importance to our investigation which have not been found in the jacket, or vice versa, answers to letters, copies of which do not appear in the jacket.

I have worked with Mr. Clarkson of the Council of National Defense and with Col. Couper and Col. Wright of the Construction Division.

[E. J. W., No. 1.]

Camp Grant (Rockford, Ill.) National Army Camp.

Contractor and subcontractor.	Date of contract.	Nature of work.	Total cost, exclusive of fee, general contract.	Total cost, exclusive of fee, subcontract.	Fee earned, general contract.	Fee earned, subcontract.
Bates & Rogers	June 21, 1917 July 19, 1917	Cantonment, road facilities.	$6,547,991.64		$260,283.86	
Kehm Bros	Aug. 15, 1917	Plumbing and electric.		$1,100,980.15		$75,484.17
Government expenditure.			634,599.35			
R. P. Beckstrom Co.	Nov. 1, 1917	Alterations, additions, and repairs.	334,718.10		15,000.00	
Government expenditure.			907.74			
Henry Ericsson Co.	Feb. 20, 1918	Additions to hospitals.	576,725.73		37,192.08	
M. J. Corby Co.	Mar. 14, 1918	Plumbing		40,037.88		2,797.45
Kehm Bros. Co.	do	Steam heating		68,893.76		4,817.73
Government expenditure.			32,935.17			
Henry Ericsson Co.	Sept. 6, 1918	Enlargement of camp.	1,933,440.21		107,231.59	
Zander Reum Co.	Oct. 21, 1918	Plastering and lathing.		18,070.96		1,264.00
M. J. Corby Co.	Oct. 31, 1918	Plumbing		186,341.81		12,309.65
Henry Newgard Co.	Nov. 1, 1918	Electrical		88,788.86		6,161.01
Kenseley Bros	do	Roads		29,436.93		2,054.82
Kehm Bros. Co.	Nov. 6, 1918	Steam heat		118,455.98		7,000.00
Government expenditure.				607,429.15		
Total			10,061,317.94	2,258,375.48	419,707.53	111,888.83

DISTRIBUTION OF FEES.

General contractors:		
Cantonment construction	$260,283.86	
Enlargement of camp	107,231.59	
Alterations, additions, and repairs	15,000.00	
Additions to hospitals	37,192.08	
		$419,707.53
Subcontractor:		
Plumbing, electrical work, and steam heat	108,570.01	
Plastering and lathing	1,264.00	
Roads	2,054.82	
		111,888.83
Total, all fees		531,596.36
Total, general contract, exclusive of fee		10,061,317.94
Total, subcontract, exclusive of fee		2,258,375.48
Total, all cost		12,851,289.78

J. P. O'CONNOR, Chicago and Evanston, Ill. (pp. 2063–2080).—Am a general contractor, and have been in contracting business for myself since 1903. I have built a number of public buildings of large work of construction. [List enumerated in the record, pp. 2063–2064.]

Mr. MCKENZIE. I wish you would tell us something of your experience that would enable us to judge of your capacity in regard to estimating the cost of any certain character of construction, particularly the construction such as we have at Camp Grant; what your qualifications are; whether you have had experience in that sort of work.

Mr. O'CONNOR. Well, before I went in business for myself I worked for approximately eight years for the George A. Fuller Co.; I was estimating more or less all the time and keeping tally on costs, and for the first five years or six years after I began business I did all my own estimating. As we grew to do other work, of course, I had estimators in the office, but I always supervised the cost price before it went out in a bid, which I do at the present time.

Mr. MCKENZIE. So you have had practical experience along those lines?

Mr. O'CONNOR. I think so.

Mr. MCKENZIE. I want to ask you, Mr. O'Connor, whether or not you are here at my request as chairman of subcommittee No. 2, and whether or not you have been employed by subcommittee No. 2 of the general committee investigating expenditures in the War Department to make a survey and estimate of Camp Grant?

Mr. O'CONNOR. Yes, sir; that is why I am here and what I am here for.

Mr. MCKENZIE. Did you make such survey and estimate?

Mr. O'CONNOR. Yes, sir.

Mr. MCKENZIE. When did you begin that work, about?

Mr. O'CONNOR. About seven weeks ago, I should say.

Mr. MCKENZIE. And you worked on it with your force until you had it completed; is that correct?

Mr. O'CONNOR. Yes, sir.

Mr. MCKENZIE. Do you know how I came to employ you to do this work, if you know, by whom you were recommended?

Mr. O'CONNOR. I think that I was recommended by Congressman Madden.

Mr. MCKENZIE. Well, you are right about that. How long have you known Congressman Madden?

Mr. O'CONNOR. In a general way for 8 or 10 years.

Mr. MCKENZIE. As a matter of fact you made no effort to get the position you now hold under this committee?

Mr. O'CONNOR. Not at all; in fact, it took some days before I could decide whether I could give the time to it or not.

Mr. MCKENZIE. Have you with you your prepared estimates and reports of the survey?

Mr. O'CONNOR. Yes, sir; I have.

Mr. MCKENZIE. How did you go about preparing them? Just state that fully, if you will.

Mr. O'CONNOR. Well, I started in with one estimator, and we came to Camp Grant, using a 400-foot scale, I think it was, plat plan, and

we began at one end of the plan on the buildings actually on the camp to see whether they would check up with this plat plan, and which I find they did. We spent four or five days at the camp checking up these various buildings, and then determining what percentage of the buildings were not completed; in our own judgment deciding what per cent was not completed.

Mr. McKenzie. I will ask you if this is the plat of the camp of which you worked [showing the witness a large blue-print plat]?

Mr. O'Connor. That is the plan.

(The blue-print plan referred to was thereupon marked "JDO'C No. 1" for identification.)

Mr. McKenzie. Now, you may proceed.

Mr. O'Connor. We then secured what plans and details we could from Gen. Bell at the camp and the utilities department, together with such plans as were sent to us from Washington, and then I secured the services of four or five estimators and began figuring over the plans in the office. Of course, we went about it in the ordinary way, the same as we do to figure any other job, taking off all the different materials in our books and finding costs of that material, in this going back to the time when the material was acquired and used, and then figuring up our labor on the basis that was paid at this time.

Mr. McKenzie. In other words, you figured that as though you were going to bid on the contract, is that the idea?

Mr. O'Connor. Yes, sir.

Mr. McKenzie. After you had done that preliminary work—and not so preliminary either—but laid the foundation—how did you estimate, for instance, the wage cost? Tell us how you did that and what basis you took for computation.

Mr. O'Connor. Well, can I qualify on that answer, Congressman?

Mr. McKenzie. Yes; I wish you would tell it in your own way.

Mr. O'Connor. I would only like to say, and I think you will bear me out, when I was asked first to do this work I said I would do it not as a matter of checking up any other contractors' work but I would do it on the theory that I was going to do this work or supposition of getting it and running my chances with the supposed other contractors figuring on this work, and running my chances, figuring this contract, and I would figure it on that basis only. And then in figuring my labor for the carpenter work, knowing of the vast amount they would have to get in, pulling them from the four quarters of the globe, almost, it would take some time to weed out a good organization in your workmen, I began to figure accordingly. I figured on my lumber and on my carpenters on the basis of $1 per hour. In other words, I figured the lumber at $7 per thousand in place. That estimate took in not only the carpenter's labor but the nails and the placing.

Mr. McKenzie. That is, you mean the labor in placing the lumber; not the purchasing of the lumber?

Mr. O'Connor. No; the placing of the lumber in position; the lumber that had been carted to the site.

Mr. McKenzie. Now, in all your estimates in connection with this matter, labor and material, and freight, and so on, it was based on conditions existing at the time of the construction of Camp Grant, is that it?

Mr. O'CONNOR. Exactly.

Mr. McKENZIE. What year was that?

Mr. O'CONNOR. 1917.

Mr. McKENZIE. And what months did that take in?

Mr. O'CONNOR. That took in approximately—I figured from about May on—May or June.

Mr. McKENZIE. That would take in the years 1917 and 1918, covering the construction?

Mr. O'CONNOR. Yes, sir.

Mr. McKENZIE. Now, Mr. O'Connor, in connection with the labor did you take in consideration the overtime costs of that; the additional cost of overtime, and so on, and Sunday work?

Mr. O'CONNOR. Yes; I did that in estimating the $1 per hour.

Mr. McKENZIE. Now, I want you to tell us what elements you figured into this, such as labor, material, and insurance, and all that; just start in and tell the committee how you arrived at this estimate and how you figured generally all those elements that entered into such a contract; you have spoken about the labor.

Mr. O'CONNOR. Well, the next large item at Camp Grant would be the lumber. I secured the prices from a lumber company in Chicago, lumber of grade such as used—well it was No. 2, delivered at Camp Grant—delivered at the switch track in Camp Grant at so much per thousand, and then added so much for hauling lumber from the cars around to the different units. In that way I arrived at my price for the lumber. Then I secured the prices on the roof, or compo board, and what little hardware was used, or metal work; and, of course, my price for what little masonry was done, cement work, I arrived at the price per cubic yard for concrete. After assembling all the different items that go to make up the finished building, I put my price down as the cost of construction. And then I put in a charge for overhead, the overhead taking in the necessary switch tracks, the liability insurance, the cost of timekeepers, bookkeepers, superintendents, and general foremen, autos, railroad fares, and miscellaneous items.

Mr. McKENZIE. Engineering; did you count that in?

Mr. O'CONNOR. Engineering; I put that in. I placed that in as an overhead. Then, with my own overhead and my own price for construction, I secured, as I do in every building that I have ever figured, I secured a price on the subcontracts, one for the steam fitting, one for the plumbing, one for the electrical wiring, and one for the roads. I got those prices from responsible and reputable firms in Chicago, men I do business with all the time. And then added the subcontracts to my own figures and added theirs and my own figures, the subcontracts, all overhead, and then I give a subtotal of my estimation what the work would cost me, and then I added a lump sum for profit, making up my total figures.

Mr. McKENZIE. Now, I want to ask you, Mr. O'Connor, whether or not the figures submitted by the subcontractors of whom you have spoken were based on conditions existing at the time that the construction was going on?

Mr. O'CONNOR. Yes, sir.

Mr. McKENZIE. And the prices then existing?

Mr. O'CONNOR. Yes, sir.

Mr. McKENZIE. Very well; you may go on and tell us, did you include in that equipment, and how did you figure on equipment?

Mr. O'CONNOR. Well, I felt this way of the equipment: Of course, in building a mere rough building of 2 by 4's and siding, and sinking cedar posts in the ground, there is no equipment much necessary; you mght have a few concrete mixers, but the equipment in building Camp Grant would come mostly in the roads. The figure I got from the subcontractor for the roads came in in his estimate to me.

Mr. McKENZIE. And in his estimate he included that?

Mr. O'CONNOR. He included all that, as he always would in estimating a contract.

Mr. McKENZIE. How did he submit that; by the square yard?

Mr. O'CONNOR. When I got it, I got it in a lump sum.

Mr. McKENZIE. On the total number of yards of road?

Mr. O'CONNOR. Yes, sir.

Mr. McKENZIE. Now, Mr. O'Connor, I wish you would tell us, if you have it in your report, the amount you calculated would be required to take care of each one of these different items; if you have such a summary.

Mr. O'CONNOR. Now, do you wish me, Congressman, to read this recapitulation?

Mr. McKENZIE. Yes; I would like to have it read; I want to hear it. Before reading that, however, I wish you would read your letter of transmittal there.

Mr. O'CONNOR (reading):

OCTOBER 15, 1919.

Hon. JOHN C. McKENZIE,
House of Representatives, Washington, D. C.

DEAR SIR: I herewith turn over to you my report on the cost of construction at Camp Grant, Ill. This estimate includes cost of all labor and materials involved in the erection of all buildings; also the heating, plumbing, sewerage, electrical work, both for buildings and street lighting, water-supplying system, and the roads. The figures herein are based on the prices of labor and material prevailing at the time this work was under way, viz, the spring and summer of 1917.

In making this estimate I secured a general plat plan of the camp which I checked with the buildings actually erected on the ground. I then figured out all of the different materials and labor in each of the buildings. I next secured estimates on all of the subtraces from reliable firms, and made up the total figures absolutely on the theory that I was bidding on a proposition which I might secure by contract, and therefore allowed liberally both as to cost of general conditions and profit.

Very truly, yours,

J. P. O'CONNOR.

Mr. McKENZIE. Now, then, if you will read your summary, just proceed, Mr. O'Connor.

Mr. O'CONNOR. This is a sheet known as the recapitulation, sheets 1 to 6, inclusive, those six sheets making up the different figures.

Mr. McKENZIE. What are they, Mr. O'Connor; just state, those different sheets, what do they show?

Mr. O'CONNOR. Well, you see, in starting out, we have all the buildings here, so many barracks of different sizes and the price of the total; for instance, 43 by 140, a total of 165, and other sizes of barracks, and this is a continuation of all the different sheets; this is a recapitulation of the different sheets.

Mr. McKENZIE. Those various sheets that you have there in that report represent what we might call the plant?

Mr. O'CONNOR. Yes; every one of the buildings at Camp Grant is in the sheets.

Mr. McKENZIE. You have it itemized down to each building?

Mr. O'CONNOR. Every building in Camp Grant is on the sheet.

Mr. McKENZIE. Did you include the water supply and everything in there?

Mr. O'CONNOR. Yes, sir; everything that is there.

Mr. McKENZIE. All right.

Mr. O'CONNOR. Sheets 1 to 6, inclusive, $4,551,890.

Mr. McKENZIE. That would not include plumbing and water?

Mr. O'CONNOR. No, sir; heating, $1,622,165; plumbing, $564,371; making a total of $6,738,426. Liability and general conditions, add $235,000, making a total of $6,973,426. Profit, 5 per cent——

Mr. McKENZIE (interposing). That represents the buildings proper, does it not?

Mr. O'CONNOR. Yes, sir; that is, when I have completed; yes. Profit, 5 per cent, $348,671.30, making a total of $7,322,097.30.

Utilities: Outside electrical work, $194,000. The inside electrical work, the fixtures, were taken into consideration in the buildings; this is the outside. Roads, $370,000; sewerage, $450,000; water system, $357,000; making a total of $1,371,073. Add liability and general conditions, $15,501, making a total of $1,386,574; a profit at 5 per cent, $69,328.70; making a total of $1,455,902.70, or a grand total of $8,778,000. Since this total was made up I understand there is a theater building at the camp that was included in one of the contractor's prices. I had no plan of that at the time and thought perhaps it was built by some private theatrical concern, but adding the price of that, approximately $38,290, and overhead and profits of $3,254, or a total of $41,544, it would make my total figure $8,819,544.

Mr. McKENZIE. Now, that represents your estimate of the cost of Camp Grant built as you would have been willing to have taken the contract and constructed it at that time?

Mr. O'CONNOR. Yes, sir.

Mr. McKENZIE. And entered into bond for the construction of the same?

Mr. O'CONNOR. Yes, sir.

Mr. McKENZIE. Now, let me understand just what you said the profit was you had figured there on a project of that character; the true profits that you had in there?

Mr. O'CONNOR. You mean the total amount of profit?

Mr. McKENZIE. Yes; that would go to the contractor.

Mr. O'CONNOR. Well, the first was $348,671.30.

Mr. McKENZIE. And the other?

Mr. O'CONNOR. And another was $69,328.70; and the other was about $1,600, it would come to on the theater building.

Mr. McKENZIE. Now, that would represent, as we have computed it here, $419,609 and some cents as against a profit of $531,596.36 under the system that was adopted by the Government and the fee that was paid by the Government to the contractor. Now, your total again, let me have that—the total cost of the camp, including the theater.

Mr. O'CONNOR. $8,819,544.

Mr. McKENZIE. As against a cost of $12,851,298.78, as shown by the figures taken from the Construction Division of the Quarter-

master's Office in the War Department and to which figures there is probably a half million to a million dollars yet to be added. Now, do you say on your oath, as a contractor, that this camp, in your judgment, could have been constructed for the amount of money you have stated and that there would have been a good profit, such as you have stated, left to the contractor?

Mr. O'CONNOR. I base my judgment on this figure, Congressman, just the same as any other building that I figured in my experience, and I should say, based on those figures, it could be built for this amount of money and that I could secure a profit on those figures.

Mr. McKENZIE. Which is really 5 per cent on the total?

Mr. O'CONNOR. All the figures are based on my judgment that that cost is correct and that 5 per cent profit would go to the contractor.

Mr. McKENZIE. So that if the camp actually cost, when you get all of the items in, $13,500,000, you would have constructed that camp for the Government at a saving of $4,680,000, approximately; about how much per cent saving would that have been; would it have reached 50 per cent?

Mr. O'CONNOR. I have not figured that up, Congressman.

Mr. McKENZIE. Well, the figures would show, in looking at the figures, that the increased cost was over 50 per cent increase to the Government. In other words, the system adopted—the results show that it cost the Government 50 per cent more to construct than it could have been done, following your plan and your way of building and the way you have estimated it, at least, in this estimate. Another thing I want to ask you, Mr. O'Connor; I want to know whether at the time you were making this estimate you had any knowledge of what the cost of Camp Grant had been up to that time?

Mr. O'CONNOR. Absolutely none. I had not the slightest idea what it cost until last evening, Congressman.

Mr. McKENZIE. You had never had access to any of the figures?

Mr. O'CONNOR. I did not know whether Camp Grant cost $4,000,000 or $50,000,000; I had absolutely no knowledge at all until last night.

Mr. McKENZIE. And your estimate is the estimate of a man experienced in building who would be ready to take the contract and enter into bond and bank his judgment and his fortunes on the statements that you have made?

Mr. O'CONNOR. Yes, sir.

Mr. McKENZIE. Now, then, just a little detail has been suggested to me. What figure did you use in basing your estimate on lumber: that is, the price of lumber?

Mr. O'CONNOR. My estimate for lumber was based on the average price of $38 per thousand laid down at Camp Grant.

Mr. McKENZIE. $38?

Mr. OCONNOR. $38 per thousand laid down at the camp; and then I figured $2 per thousand delivered around to the units.

Mr. McKENZIE. In case the Government should have furnished the lumber to you for the construction of that camp at a fixed price such as we have been given here, of about $24 per thousand to $27, including the freight, how much would that have taken from your estimate?

Mr. O'CONNOR. Well, it would have taken the difference between 38 and—what is your figure, $26?

Mr. McKenzie. $24 to $27.

Mr. O'Connor. Well, 38 and 27.

Mr. McKenzie. Call it $30 if you want to—$30 a thousand,

Mr. O'Connor. Well, it is a difference of $8 a thousand feet of lumber.

Mr. McKenzie. Do you know about how many feet of lumber were used in the construction of the camp?

Mr. O'Connor. I couldn't say without going all through the figures. I figured each building separately.

Mr. McKenzie. On a rough estimate, what do you say—50,000,000 feet?

Mr. O'Connor. There probably would be that amount.

Mr. McKenzie. So 50,000,000 feet, at $8 a thousand, saved would be about $400,000?

Mr. O'Connor. $400,000.

Mr. McKenzie. Now, I want to ask you, Mr. O'Connor, whether you have ever had any experience in cost-plus contracts?

Mr. O'Connor. Some; yes, sir.

Mr. McKenzie. Just tell us about that; what character of work?

Mr. O'Connor. Well, in the past 15 or 16 years I have had various contracts under a cost-plus system.

Mr. McKenzie. What was the nature of the work?

Mr. O'Connor. Well, for instance, I built the Wabash freight house on a commission basis. That is the only one of any magnitude that I remember of.

Mr. McKenzie. You were working for a railroad company at that time?

Mr. O'Connor. Yes, sir.

Mr. McKenzie. And were there any special reasons why that contract was let in that manner—why it could not have been let on the lump-sum contract—if you know?

Mr. O'Connor. No; I don't know the reason. They called me in and wanted me to go down and start the building the following day.

Mr. McKenzie. Did you have a written contract or did you just simply do the work for the company?

Mr. O'Connor. I had a written contract.

Mr. McKenzie. Were there any so-called safeguards in that contract that you remember?

Mr. O'Connor. The buildings were not run over a certain specified sum.

Mr. McKenzie. What is your judgment about the so-called cost-plus contract system?

Mr. O'Connor. Well, personally, from the contractor's standpoint, I did not care for it. I would much prefer to have a lump-sum contract, because you can go ahead, and if you happen to make 20 or 25 per cent, or 10 per cent, or whatever it may be, it is all yours, and you do not have to open your books to the owner nor turn in reports; and, as I say, what is yours is your own; you have it; it is legitimately yours. On the other hand, you have to turn in a report of your time and material, and it increases bookkeeping and increases overhead; and I say, personally, from my standpoint as a contractor, I much prefer the lump-sum way of bidding.

Mr. McKenzie. What effect does it have on your organization; on your labor?

Mr. O'Connor. Well, it has just this effect, Congressman, that you, if you secure a cost-plus contract—in other words, a contract on a commission basis—if you can secure that work and keep it absolutely secret between the owner and yourself and the architect, and not let any living soul know it, not even your bookkeeper in your office, you perhaps can get through with it, and let the men believe they are working on a contract, and they would perhaps do the work they should do; but once it leaks out—and I think any contractor that has had any experience will bear me out in this—once it leaks out and the bricklayers and the carpenters and the laborers on the building learn it, there is naturally a slacking up. I have had that experience on a building where I have had to fire 25 or 50 men to stop the rumor that it was on a cost-plus basis and the more it cost the more I would make. I think it demoralizes labor where men know it is a cost-plus contract, and the men take advantage of it.

Mr. McKenzie. Now, Mr. O'Connor, at the time these contracts were let, of course, it was war time and there was a great rush to get the work done, and the reason—I have always said the excuse, rather than the reason—for adopting the cost-plus system was to get the work done and that no contractor would have been willing to bid on such jobs. I want to ask you, from your experience, taking into consideration the character of the work to be done, whether or not with your organization you could have taken this work on a fixed sum per unit for the different characters of work or construction and all the utilities; was there anything that would prevent a man like yourself, or any other contractor with an organization, from bidding so much per unit for such construction, and they could have kept on building until now if they desired to keep on adding buildings; do you know of any reason why that could not have been done?

Mr. O'Connor. That is, for instance, if they gave us a plan for one of the 200-men barracks buildings, and one mess hall, and one of each of the types used there?

Mr. McKenzie. Yes.

Mr. O'Connor. We could figure that building out, figure the overhead and the profit on that one type of building, and the Government could add a thousand, if they so desired it, by multiplying the price on one building.

Mr. McKenzie. Would that be true on roads?

Mr. O'Connor. Yes; they could get the roads' price, so much per square yard.

Mr. McKenzie. And the water mains?

Mr. O'Connor. So much a lineal foot.

Mr. McKenzie. How about the plumbing and the electrical wiring?

Mr. O'Connor. The plumbing would be taken in on the figures on the building; so many outlets for plumbing and the toilets. And the electrical work also.

Mr. McKenzie. And the sewerage, would it have been protected?

Mr. O'Connor. I think so; a price per lineal foot on the sewerage.

Mr. McKenzie. Can you give us any reason or present here any argument why that would not have been practicable; that is what

we would like to find out; as a practical contractor and builder, can you point out any reason why the Government could not have done that?

Mr. O'CONNOR. No; I really can't see any. They could have gotten those figures, as I said, on one building, and multiplied by whatever was necessary later.

Mr. McKENZIE. Had you ever entered into any such contract as that; of that character?

Mr. O'CONNOR. Not exactly that way. I have had them, however, dozens of contracts where I have had unit prices; that is, if any alteration was made in a group of buildings there would be so much for a cubic yard of concrete, so much per thousand for 2 by 6's, so much for flooring, so much a square for roofing, and for whatever plumbing fixtures were necessary, etc. I have entered into those contracts.

Mr. McKENZIE. Would you have been willing to have entered into such a contract?

Mr. O'CONNOR. I would.

Mr. McKENZIE. There has been a great deal of testimony before this committee on the delay that was caused by the system that prevailed over here, and of course, in that way added to the cost. I want to ask you whether or not there is a difference in the control of the men under the fixed sum, either per unit or for the whole job, in getting the work done: is it hastened or delayed? Can you get it done in less time under the fixed contract system, either per unit or otherwise, than you can under the system that was adopted?

Mr. O'CONNOR. Oh, I think, as I testified just a few moments ago, you can always get more efficient work, more work and better work out of the men on a lump-sum contract; only because the men have a mistaken idea always, if they are on a commission job the more they loaf the more money they make for you.

Mr. McKENZIE. Then, if that is your view, the contract that was adopted, if it was adopted with the purpose of haste and speed in getting the work done, that is not a sound contention?

Mr. O'CONNOR. I think not.

Mr. McKENZIE. I have here some plats which I desire to have marked as exhibits.

(The plats referred to were thereupon marked J. P. O'C., 2, 3, and 4, respectively.)

Now, Mr. O'Connor, I hold in my hand here, a blue print of a two-story barracks building which was prepared in May, 1917. I want to show this to you and ask you how long, in your judgment, would it have taken you or any other competent contractor or builder or architect to prepare plans and specifications for the construction of that character of building; I mean, of course, if the blue prints had been placed in your hands or in your possession?

Mr. O'CONNOR. Well, that is the plant, Congressman.

Mr. McKENZIE. What is that?

Mr. O'CONNOR. That is the plant itself; the completed plant.

Mr. McKENZIE. What I meant to ask you was about the specifications. How long would it take to prepare specifications?

Mr. O'CONNOR. Why, I should judge we could have a finished specification out for this well within a week; there is so little to it.

(Omitted in printing. Illustrations on file with the committee.)

Mr. McKENZIE. I hold in my hand here, an exhibit, marked "JPO'C, No. 5," dated February 14, 1918, as taken from the files of the Emergency Construction Division of the War Department, and I have never seen it before; it was just now handed to me and now I hand it to you and ask you if you have ever seen the original or a copy of it (handing paper to the witness)?

Mr. O'CONNOR. No; I have never seen it before.

Mr. McKENZIE. Did you know that there was any such letter in existence?

Mr. O'CONNOR. Wait a moment; here is something here I haven't seen yet. This makes it interesting; I have never seen it before.

Mr. McKENZIE. Well, for the information of the committee I want to read this into the record. [Reading:]

FEBRUARY 14, 1918.

From: Committee on Emergency Construction.
To: War Industries Board.
Subject: Additional construction work at Camp Grant, Rockford, Ill.

1. This committee has been asked by the cantonment division of the Quartermaster Corps to recommend contractor for new construction work in connection with hospital and storehouses at Camp Grant, Rockford, Ill., estimated cost of which is about $500,000. In keeping with the request your committee recommends that the contract be awarded to Henry Ericsson Co., Chicago, Ill., as the most desirable and available contractor for this work at the present time.

2. Appended hereto is a brief abstract of some of the contractor's past and, more particularly, recent work. This company is incorporated under the laws of the State of Illinois.

3. In submitting the above recommendation your committee has considered much evidence as to the qualifications of this and other leading contractors competent to do this work and has concluded that this company is the most desirable to efficiently execute this work under existing conditions.

COMMITTEE ON EMERGENCY CONSTRUCTION,
W. A. STARRETT,
Chairman, Major Engineers, United States Reserves.
By F. L. OLMSTEAD.

P. S.—As instructed, we are submitting as alternates the names of the following concerns: J. F. & J. W. O'Connor Co., Chicago, Ill.; J. L. Simmons Co., Chicago, Ill.

Mr. McKENZIE. This refers to J. F. & J. W. O'Connor Co., of Chicago, Ill.; I want to ask you if J. F. & J. W. O'Connor is your firm?

Mr. O'CONNOR. That is my firm.

Mr. McKENZIE. Is the J. P. O'Connor mentioned in this letter, does that refer to you?

Mr. O'CONNOR. I presume it does; it must, yes, sir.

Mr. McKENZIE. In other words, the emergency construction committee at that time seemed to think that you were a competent contractor, at least?

Mr. O'CONNOR. It is entirely new to me.

Mr. McKENZIE. Did you include in your figures the remount station out at Camp Grant?

Mr. O'CONNOR. Yes, sir.

Mr. McKENZIE. That was included?

Mr. O'CONNOR. Yes, sir.

Mr. McKENZIE. And did you include the rifle range also; in other words, was there anything out there that you did not include in your estimate?

Mr. O'CONNOR. No buildings; we took in everything within the camp limits.

Mr. McKENZIE. You did not take in the rifle range at all, then, in your estimate?

Mr. O'CONNOR. I would have to look at that plat plan; is it on the plat plan at all? [Witness examines the plate marked "JPO'C. No. 1."] No; it did not include that.

Mr. McKENZIE. Did it include a bridge across Rock River?

Mr. O'CONNOR. No, sir.

Mr. McKENZIE. These two items would be necessarily added to your figures?

Mr. O'CONNOR. Yes, sir; added to my figures. Now, there is one more thing I would like to say, Congressman. We found, of course, in going over the camp, and as noted on this plat plan, a great number of farmhouses. Now, not knowing what alteration was made in those farmhouses, I put in a lump-sum estimate of $10,000.

Mr. McKENZIE. To take care of the alterations?

Mr. O'CONNOR. Yes; not knowing whether it was done by the contractor or the Army itself or whom.

Mr. McKENZIE. In other words, you took everything into consideration, and then added on a sufficient amount, so that you would be sure that you had it high enough; is that the idea?

Mr. O'CONNOR. Yes; and the farmhouses I put in a lump sum of $10,000 for such alterations as were necessary.

Mr. McKENZIE. Now, I want to ask you to look at this book again, Mr. O'Connor, and say if that book [handing a book to the witness] represents your detail work on your estimate?

Mr. O'CONNOR. Yes, sir; it does. These are our figures.

Mr. McKENZIE. And it was on these figures and estimates that you based your final estimate of the costs of all those buildings?

Mr. O'CONNOR. Yes, sir.

Mr. McKENZIE. I desire to have that book marked.

(The book referred to was thereupon marked "JPO'C. No. 6.")

Mr. McKENZIE. The figures and estimates made by Mr. O'Connor may be inserted into the record at this point.

(The figures and estimates referred to are as follows:)

CHICAGO, *October 15, 1919.*

Hon. JOHN C. McKENZIE,
House of Representatives, Washington, D. C.

DEAR SIR: I herewith turn over to you my report on the cost of construction at Camp Grant, Ill. This estimate includes cost of all labor and materials involved in the erection of all buildings; also the heating, plumbing, sewerage, electrical work, both for buildings and street lighting, water-supply system, and the roads. The figures herein are based on the prices of labor and material prevailing at the time this work was under way, viz, the spring and summer of 1917.

In making this estimate I secured a general plat plan of the camp which I checked with the buildings actually erected on the ground. I then figured out all of the different materials and labor in each of the buildings. I next secured estimates on all of the subtrades from reliable firms, and made up the total figures absolutely on the theory that I was bidding on a proposition which I might secure by contract, and therefore allowed liberally both as to cost of general conditions and profit.

Very truly, yours,

J. P. O'CONNOR.

Camp Grant, recapitulation.

Buildings:		
Sheets, 1 to 6 inches	$4,551,890.00	
Heating	1,622,165.00	
Plumbing	564,371.00	
	6,738,426.00	
Liability and general conditions	235,000.00	
	6,973,426.00	
Profit, 5 per cent	348,671.30	
		$7,322,097.30
Utilities:		
Outside electrical work	194,000.00	
Roads	370,073.00	
Sewerage	450,000.00	
Water system	357,000.00	
	1,371,073.00	
Liability and general conditions	15,501.00	
	1,386,574.00	
Profit, 5 per cent	69,328.70	
		1,455,902.70
Total		8,778,000.00
Add theater	$38,290	
Overhead profit	3,254	
		41,544.00
		8,819,544.00

Mr. McKenzie. Now, I think the committee will take a recess until 1.30 p. m.

Mr. Noble P. Judah. I would like to state into the record now that Mr. W. A. Rogers, president of the Bates & Rogers Construction Co., Mr. E. Stanley Holland, and Mr. E. P. Lenahan are present here now to give the committee any information that the committee might want; and they are now ready to do so. In view of the committee's offer yesterday to give us a copy of the testimony, and allow us to submit a statement in writing as a part of the record, we wish to accept that offer and submit our statement to the committee later, and also avail ourselves of the offer of the committee to subpœna any witnesses that we desire later in Washington; we desire to embrace that offer; that is on behalf of the Bates & Rogers Construction Co.

Mr. McKenzie. I think we can take care of that, because you will not probably submit a large list of witnesses.

Mr. Judah. No; perhaps not any.

Mr. George A. Trude. On behalf of the Henry Ericsson Co., I desire to represent to the committee that Mr. Henry Ericsson, president of the company, is here, and is ready to render to the committee any assistance that the committee may call for by him, and will reserve the right given by the committee to make a statement in writing if he sees fit later on, and also reserve the right to present any witnesses in Washington, as the committee has conceded.

Mr. McKenzie. You desire a copy of the record?

Mr. Trude. Yes, sir.

Mr. McKenzie. I might say this, on behalf of the committee, so that we will have a clear understanding of this matter: If Mr. Rogers

or Mr. Ericsson desire to take the witness stand voluntarily and make a statement, either sworn or unsworn, they have the perfect right to do it, and we will come back this afternoon and hear them, and if they prefer to submit it in writing, as suggested by the attorney, that is satisfactory to us, or to appear later when we close up this hearing in Washington. That will be satisfactory to the committee. If they do not care to go on the witness stand to-day or make any statement, we will simply determine at this time; otherwise we will come back this afternoon and give you that opportunity.

Mr. JUDAH. On behalf of Bates & Rogers, any of the officers here are ready to go on the stand at the call of the committee.

Mr. TRUDE. And the same is true of Mr. Ericsson, of the Henry Ericsson Co.

Mr. JUDAH. And we will be ready to appear before the full committee or the subcommittee at any time at its later call.

Mr. MCKENZIE. Do they wish to make any statement now? If not, we will simply close the matter up and take it with your statement.

Mr. JUDAH. We will make the statement later as offered by the committee.

Mr. TRUDE. The same as the Henry Ericsson Co.

Mr. MCCULLOCH. Is it entirely satisfactory to you that we adjourn now?

Mr. JUDAH. Yes, sir.

Mr. TRUDE. Yes, sir; it is to us.

SERIAL 3, PART 27 (pp. 2081–2110).

This volume consists of affidavits submitted by D. W. McGrath & Sons, contractors, having the maintenance contract and the additional construction contract at Camp Sherman, Ohio. They are submitted in response to the committee's promise to submit their evidence, or statements, or affidavits.

The affidavits are those of Daniel W. McGrath, Edward H. McGrath, and Frank J. McGrath, relating chiefly to the composition of the contracting organizations, and alleging an endeavor, in good faith, to perform and fulfill the contract, and that no orders or instructions were given, by their authority and direction, "with the purpose or view of increasing the cost of the said work, or to slow up the time of the performance thereof," and alleging no attempt, within their knowledge, by their agents and employees, "to procure from the Government of the United States money not lawfully due and payable under said contracts."

As to the men composing D. W. McGrath & Sons, to whom the original and supplemental contracts were let, the affidavits are apparently not needed to show that Frank J. McGrath, who acted as general superintendent in the construction work, was not financially interested in the proceeds of the work of construction, although no one of the affidavits appears directly to so state (pp. 2080–2092), the nearest to such an allegation being the affidavit of Daniel W. McGrath (p. 2082), that—

said Daniel W. McGrath has operated and conducted said business solely as an individual, and no one has been associated with him as a partner until the

firm of D. W. McGrath & Sons was formed in March, 1919. With the exception of the several contracts made with the Government of the United States, hereinafter referred to, all contracts in said business were made in the name of D. W. McGrath until after the formation of the partnership of D. W. McGrath & Sons—

and the affidavit of Frank J. McGrath (pp. 2087–2088) that he—

has been employed in his father's office as general contractor since 1908, and has during that time acted as foreman, superintendent, and estimater.

With the exception of the time when the undersigned acted as general superintendent for the construction work at Camp Sherman, under the contract dated November 1, 1917, and as supplemented and modified by the contract of February 20, 1918, which time commenced about the 1st of December, 1917, and continued until about the 5th of September, 1918, he has been in the employ of his father, Daniel W. McGrath, until the partnership of D. W. McGrath & Sons, comprised of Daniel W. McGrath, Edward H. McGrath, John A. McGrath, and Frank J. McGrath, was formed in March, 1919, and with the exception of said contract of September 5, 1919, made and entered into by and between the Government of the United States and Daniel W. McGrath, Edward H. McGrath, John A. McGrath, and the undersigned, he, the said Frank J. McGrath, was not associated as a joint contractor or in partnership with his said father and said brothers, or any of them.

Said affidavit of Frank J. McGrath also contains the following:

At the time when the formal contract, dated November 1, 1917, for the construction work at Camp Sherman, Ohio, was received at the camp quartermaster's office, Camp Sherman, Ohio, the same was handed to the undersigned to be executed by the contractor, and the undersigned noted then that the name of "J A. McGrath" was erroneously recited as "H. A. McGrath," and he immediately called the attention of the officer in charge, at the quartermaster's headquarters, Camp Sherman, Ohio, to said error, and was thereupon told to have the contract signed up as it was written and not to delay the execution thereof, and the undersigned thereafter communicated said instructions to his brothers and to his father.

About the 1st of December, 1917, the undersigned acted as superintendent of the construction work at Camp Sherman, Ohio, carried on by D. W. McGrath, and had charge and supervision of said work for the contractor. At about the time of the commencement of said work, his salary as an employee of said D. W. McGrath was discontinued, and he was paid compensation for his services in superintending the said construction work by the Government of the United States.

Affidavit of RICHARD Z. DAWSON (pp. 2092–2093).—Architect employed through R. W. Pratt, Cleveland, Ohio, as assistant engineer in superintending field construction of buildings at Camp Sherman from the middle of October, 1918, to the 8th of December, 1918, with duties to supervise and inspect the construction being performed by D. W. McGrath & Sons, and while so employed had his office in the same rooms in which the said contractors had their office, and in the performance of his duties went over and inspected the entire construction work daily and at all hours. Alleges extreme shortage of labor and impossibility of securing adequate force of skilled mechanics. Alleges care in selection of men. Alleges the competency of Frank Arn, H. E. Fosnaugh, and A. H. Mickey, employed as general foremen, and that, so far as affiant's knowledge goes, these men faithfully, honestly, and well performed their respective duties. Alleges refusal to employ as carpenters men not skilled. Alleges removal of several subforemen for incompetency,

demotion of men from carpenters to laborers, and general interest and care in pushing the work rapidly and efficiently "as it was possible to do under the conditions then existing."

Further alleges that, "considering the quality of lumber. * * * there was no unnecessary waste"; that there was no more wasting or killing of time on the part of contractor's workmen than is usual in any construction work of similar magnitude where great speed is required.

Affidavit of CHARLES WALTER BELLOWS (pp. 2093–2095).—Architect by profession. Was employed by Daniel W. McGrath to act as "architectural superintendent of the construction." Acted from October 4 to November 22, 1918, and was daily over and about the work; that his instructions were to see that the construction work was done as rapidly and efficiently as possible and without unnecessary delay or expense; that said contractors exercised unusual means to expedite the work, and, with that end in view, held noonday meetings of superintendents and foremen. Knew nothing of orders, instructions, or directions that would tend to promote idleness, waste of time, or waste of material. "Observed that said contractors, whenever a foreman proved incompetent, discharged said foreman, and that men employed as carpenters who proved inefficient were demoted and placed at work as laborers."

Affidavit of SAMUEL P. BAIRD (pp. 2095–2096).—Civil engineer. As general superintendent for McGrath & Sons prepared and signed the letter of January 20, 1919, addressed to all superintendents and foremen (printed on pp. 1564–1565), and "says that he prepared said letter in good faith; that about the time of writing the said letter affiant had just been made general superintendent of the said contractor's work in said cantonment"; also, "did observe from time to time that waste of material occurred, due to the fact that the military truck drivers, who were not under the orders or direction of the contractor or of his employees, would sometimes unload and dump cement, nails, lumber, and other material where the said truck drivers might happen to be at their time for quitting work, regardless of whether said materials were protected from exposure to the weather and also damage from other causes; that in such instances no attempt was made to notify the superintendents or foremen in charge of the work. and it was impossible for the contractor to get other trucks to move said material until the day following."

Affidavit of CHARLES H. JOHN (pp. 2096–2100).—States that he audited the books, with a view to determining the standing of the account of Edward E. Heald, paymaster and bookkeeper, and as a result of such examination his conclusion was that Heald was short approximately $1,512; that he presented such evidence to the committee magistrate and to the grand jury; that while the said grand jury was investigating the said charge against the said Heald, said Heald and his counsel appeared before the judge of the court of common pleas of Ross County, Ohio, and made application for leave for said Heald to appear before said grand jury and testify in the

said matter and was permitted to appear and testify before the said grand jury. No indictment was returned against said Heald.

That, having charge and supervision of the books and accounts of Daniel L. McGrath as auditor from May 21, 1918, he states "that there was nothing incident to or connected with the conduct of said work, as far as affiant observed, that indicated that any person was interested as a principal with the said Daniel W. McGrath in the said business or that said business was not carried on by him solely on his own account."

Affidavit of J. A. COLLINS (pp. 2098–2099).—Relates to payment to witness Carl M. Watts of $321.30, as the agent of one Carrie Breckenridge, for certain teams employed, as overpayment for such teams, and asserts that Watts was discharged, and the money deducted from the balance of money due Watts.

Affidavit of CHARLES C. JACK (pp. 2100–2101).—Cashier of Ross County National Bank, Chillicothe, Ohio. Affidavit states that "contracting concern doing work at Camp Sherman carried an account in our bank in the name of D. W. McGrath," and that in September, 1918, another account was opened under the name of D. W. McGrath & Sons.

Affidavit of FRED W. MCCANN (pp. 2101–2103).—Affiant was, for five years prior to the war, assistant secretary of the Young Men's Christian Association at Columbus, Ohio, in charge of educational and employment work. In 1917 entered employ of A. Bentley & Sons as assistant to general superintendent, and continued with him there, and at Jacksonville, Fla., until March 1, 1918, when he returned, and entered the employ of D. W. McGrath at Camp Sherman, as assistant in procuring materials and equipment, until May, 1918. Reentered the employ of D. W. McGrath & Sons as assistant to the general superintendent in September, 1918, and continued until the latter part of October.

States that Watts's teams were employed on the interior storage job at East Columbus, on which affiant worked as assistant superintendent from May to September, 1918, and that therefore affiant did not want him employed at Camp Sherman under McGrath, and objected to such employment. He alleges that on account of the teamsters' strike "it was necessary to procure the teams then controlled by the said Watts." Denies certain statements made by Watts as "absolutely and unqualifiedly false," having particular relation to his statements regarding certain saddle horses which Watts sought to put on the work and the proposal to divide profits arising therefrom. Also asserts that there was no excess of teams employed on the work, but, on the contrary, a shortage. Also denies theh issuance by himself or others of orders directing the slowing up of construction work "or to unnecessarily increase the cost thereof, or to employ more men and teams than were needed on said work." He avers "that, on the contrary, every reasonable effort was made to prevent unnecessary waste of both time and material."

Affidavit of FRANK H. WESTKAMP (pp. 2103–2105).—Employed by Daniel W. McGrath as general foreman from November, 1917, and on the rifle range in December, 1917. Denies the conversations and facts testified to by said Watts as to there being more teams engaged on the rifle-range work than was necessary, and that said Watts protested to him about sending teams not needed. Affiant further states "that a large number of men, between 2,000 and 3,0000 soldiers, were detailed from Camp Sherman to assist said contractor in the construction of said rifle range, on account of the urgency and need of the completion of the said rifle range at the earliest possible time.

Denies the issuance of instructions to slow up, but that "on the contrary, efforts were made by said contractor, and by his superintendents and foremen, so far as affiant observed, to perform all the said construction work at Camp Sherman in good faith, and without unnecessary delay and waste, and at as low a cost as practicable."

Denies that men were kept on when not needed, but alleges that "affiant did, in fact, from time to time, discharge men who were not needed on such work, and also men who were not capable and efficient carpenters and mechanics."

Affidavit of ANSON H. MICKEY (pp. 2105–2107).—Employed as section foreman by Daniel W. McGrath, in charge of sections DD and CC, in which the 20 by 20 foot houses, referred to by Witness W. B. McCorkle were.

That affiant worked from October 18 to Christmas Eve, 1918; that George Keeney, referred to in McCorkle's testimony, was one of the subforemen under him, as was also Harry L. Brown. Describes the construction of said buildings, alleging such construction to have been done expeditiously and economically, and denies that he at any time issued any orders or instructions to slow up, or to do anything which would tend to delay, "but that, on the contrary, he issued orders and instructions from time to time to hurry up the work, and endeavored to prevent the waste of time and waste of material."

Affiant further states that when he caught a man loafing he was promptly discharged. He alleges that George Keeney "apparently was honestly and faithfully endeavoring to perform his duties as foreman."

Affidavit of HARRY L. BROWN (pp. 2107–2108).—States that he read the affidavit of Anson H. Mickey, "and that the facts stated therein are true, as this affiant verily believes"; also "that he never received and never gave any orders or directions of any kind or character whatever to slow up work or unnecessarily increase the cost thereof, or waste time and material; that, so far as affiant observed, every effort was made by the said contractor, and the superintendents and foremen employed by him, to perform the work faithfully, efficiently, and as rapidly as possible; that affiant himself

endeavored to have the men under him work steadily and faithfully, and to avoid waste of both time and material; and that the said men under him did, in fact, so work."

Affidavit of GEORGE W. KEENEY (pp. 2107-2108).—Acted as foreman under Anson H. Mickey. Had charge of crew in which witness W. B. McCorkle worked. Denies the issuance of any orders or directions "'to get in the clear,' or to keep busy, or appear to be busy when officers of the United States Army were around the work, or for any men to go to a building and lock themselves in and go to sleep * * *. Affiant further says that he never said to the said McCorkle to get up buildings as fast as possible so that there would be more work to do, but affiant did endeavor to hurry the work of instruction, and gave orders to that effect." Avers that he had orders from Mickey to save all boards as long as 2 feet for subflooring and that he transmitted such orders to the men.

Affiant says that he found on one occasion said W. B. McCorkle asleep in one of the buildings on said work and affiant then and there ordered the said McCorkle to get to work immediately and threatened to discharge him if affiant found him again idling. Affiant says also that the said McCorkle, at the time he entered the employ of the said McGrath, stated to affiant that he was a carpenter and competent to do carpenter work. Affiant found on observing said McCorkle work that he was not a competent carpenter and that affiant then put said McCorkle to work putting on insulating paper and carrying lumber to carpenters; that said McCorkle was inclined to be idle and lazy while engaged in the work and it was necessary for affiant to devote particular attention to said McCorkle to keep him working. Affiant says that at the time said McCorkle was employed by the said McGrath there was a shortage of labor and it was practically impossible to get sufficient competent men to do the work. It was for that reason only that the said McCorkle was continued in said employment.

Affiant says also that none of the buildings constructed by the said McGrath were ever blown down (pp. 2109-2110).

Certified copy of indictment of Carl M. Watts, January term, 1915, for uttering a false, forged, and counterfeit note, together with indorsements thereon, including the following:

And the court finding that the defendant has never before been imprisoned for crime, either in this State or elsewhere, and it appearing to the satisfaction of the court that the character of the defendant and the circumstances of this case are such that he is not likely again to engage in an offensive course of conduct, and that the public good does not demand or require that he shall suffer the penalty imposed by law, the court does hereby place the defendant on probation in the manner provided by law.

SERIAL 3, PART 28 (pp. 2101-2124).

Capt. E. J. WESSEN (pp. 2111-2124).—Am the same Capt. Wessen who testified at Rockford, Ill., relating t ocertain figures purporting to show the cost up to date, as far as determined by the War Department figures, of the construction of Camp Grant. Have prepared a similar table in a similar manner as to the construction of Camp Sherman, Chillicothe, Ohio. The following is the statement:

EXHIBIT E. J. W. No. 2.

Camp Sherman, Chillicothe, Ohio, National Army cantonments.

Contractors and subcontractors.	Date of contracts.	Nature of work.	Total cost, exclusive of fee of general contractor.	Total cost, excluding fee to subcontractor.	Fee earned, general contract.	Fee earned, subcontract.
A. Bentley & Son	June 21, 1917	Cantonment	$8,345,244.07		$250,000.00	
M. J. Gibbons		Heating and plumbing.		$597,217.11		$59,702.39
Hatfield Electric Co.		Electrical work		59,550.10		5,955.01
D. W. McGrath & Son.	Nov. 1, 1917	Alterations, additions, and repairs.	902,520.93		60,000.00	
S. A. Esswein Heating & Plumbing Co.	Mar. 25, 1918	Plumbing and heating.		245,858.59		15,000.00
Erner & Hopkins Co.	do	Electrical work		24,126.99		2,397.39
D. W. McGrath & Son.	Sept. 5, 1918	Additional barracks.	1,405,576.15		68,342.91	
Samuel A. Esswein & Co.	Dec. 26, 1918	Plumbing and heating.		118,277.65		6,650.00
Erner & Hopkins Co.	do	Electrical work		40,678.57		2,737.52
W. H. Ringwald & Son.	July 10, 1917	Road building	60,336.37		6,033.64	
Brewer, Tomlinson & Brewer.	July 7, 1917	do	121,352.08		12,135.21	
J. F. Perry	July 10, 1917	do	66,992.17		7,041.89	
A. S. Hecker & Co.		Well drilling	10,254.86		2,499.94	
Total			10,912,276.57	1,085,709.01	406,053.59	92,442.51

Distribution of fees.

General contractors:		
Cantonment construction	$250,000.00	
Alterations, additions, repairs	60,000.00	
Additional barracks	68,342.91	
Road building	25,210.74	
Well drilling	2,499.94	
		$406,053.59
Subcontractors:		
Heating and plumbing	81,352.39	
Electrical work	11,090.12	
		92,442.51
Total, all fees		498,496.10
General contracts, exclusive of fee		10,912,276.57
Subcontract, exclusive of fee		1,085,709.01
Total, all costs		12,496,481.68

(p. 2112.)

I directed the preparation of it, superintended, verified it, and compared it. Complete to date, but not final. Figures were obtained from what was known as the A–H statement, or final reports on file in the Construction Division of the War Department, and was taken from the original documents.

In connection with Capt. Reece, formerly employed by this committee, I also prepared certain other data relating to Camp Sherman only, showing instances where A. Bentley & Sons failed to take advantage of the cash discount allowed by various vendors. Statement is—

EXHIBIT E. J. W. No. 3.

WASHINGTON, D. C., *September 27, 1919.*

To: Mr. W. T. Chantland.
From: W. R. Reece.
Subject: Cash discounts, Camp Sherman, Ohio.

1. I am attaching hereto a complete list, showing in detail the various instances wherein A. Bentley & Son Co., the contractor, and Capt. Ward Dabney, constructing quartermaster at Camp Sherman, failed to take advantage of the cash discounts allowed by various vendors for material used in the construction of the camp. I have only shown such instances as can be verified by quick reference to the invoice.

The attached sheets are numbered 1 to 18 and give the following information:

Total discounts lost through A. Bentley & Son's failure to deduct	$7,786.76
Total discounts lost through Capt. Ward Dabney's failure to deduct	1,100.45
Total cash discounts lost to and including Dec. 31, 1917	8,887.21

I verified the figures of the above statement, and compared them with the papers from which they were obtained (pp. 2113–2114).

I also caused to be prepared, under my direction, and assisted in the preparation of the report marked—

EXHIBIT E. J. W. No. 5.

WASHINGTON, D. C., *September 27, 1919.*

To: Mr. William T. Chantland.
From: Mr. W. R. Reece.
Subject: Voucher No. 12–72, A. Bentley & So Co., $17,405.56.
Voucher No. 12–109, A. Bentley & Son Co., $142,165.71.
Voucher No. 12–138, A. Bentley & Son Co., $9,801.52.

1. I am attaching hereto the above-mentioned duplicate vouchers for information and reference purposes.

COMMENTS.

Voucher 12–72, for $17,405.56 represents 5 per cent commission or a fee paid to American Commissary Co., of St. Louis, Mo. It appears from the record attached that the contractor entered into a subcontract with American Commissary Co. for purpose of operating commissary. I am unable to locate a copy of this agreement, but you have on file a blank form which, in my best opinion, was used in this instance. Assuming that the contract and the copy on file in your office are one and the same, I can not feel that the contractor was justified in making this payment, unless it can be construed as a part of the fee to the general contractor, but which was not so construed in this case. Your attention is directed to that portion of the copy of the purported contract with American Commissary Co., on file in your office, wherein it sets forth in substance that "The general contractor is not equipped or able to perform the duties of operating the commissary, and it is therefore consistent for the contractor to sublet same."

You are also directed to the first part of the general contract with A. Bentley & Son Co., wherein it is stated in substance as follows: "That the contractor has an organization and is fully equipped and has had previous experience in similar work."

In my judgment this payment was made without proper authority, and the contractor should reimburse the Government for said amount.

Voucher No. 12–109, amounting to $142,165.71, represents a loss sustained by A. Bentley & Son Co., general contractor, through American Commissary Co., during the operation of the commissary for the period of June 28 to December 4, 1917, five months and seven days, and representing a loss of $0.2161 per meal on 657,843 meals served and sold at 30 cents each. The contract entered into by and between A. Bentley & Son Co. and the Government does not provide for a loss, but it does appear that it was the intention of the official who made the contract to operate without loss or profit. I therefore can not see that

a loss was justified, and certainly not one of such magnitude as in this case. The contractor certainly did not have the Government's best interests in this matter, and I feel that they should be called upon to explain why so great a loss was incurred, their authority for same, what steps, if any, were taken to reduce the operating cost or loss, especially so inasmuch as it appears that the loss sustained began at the very time of opening the commissary. I can only see that the contractor was very negligent indeed and should be held accountable, in so far as he can be made so, under the law.

In addition to this, I also see that the constructing quartermaster would be held more or less culpable, and I think he should be called upon to explain his reasons for allowing this condition to exist. The constructing quartermaster, who was also the disbursing officer for construction funds, is the only Government official accountable in the true sense of the word, yet it further shows that little care, if any, was taken by the officials of the Construction Division in Washington in matters of this kind and character. They, too, are and should be held more or less accountable and should be asked to explain their reasons for allowing such conditions to exist.

Voucher No. 12–138, $9,801.52, represents two items, $1,960.12 and $7,841.40—total, $9,801.52—the first item being overpayments made to A. Bentley & Sons Co. by the employees and later refunded to them; the item of $7,841.40 represents the following:

"Overpayment to employees of the A. Bentley & Sons Co., due to failure to deduct board from their wages at time of final payment."

Your attention is directed to the last-mentioned item, amounting to $7,841.40. This is a loss sustained by the contractor through his failure to properly safeguard the Government's interests in collecting from his employees or labor amounts which had been sold or let on a credit basis by the commissary. The contractor at all times had charge of hiring and firing labor, and the wages were paid to the employees by the contractor and not by the Government. The commissary was also operated by the contractor or those delegated by him, so when an item had been charged against a man's time the Government had no knowledge of the charge, and therefore did not have a reason to suspect that a deduction should be made. The original voucher is on file at the office of the Auditor for the War Department and bears the signature of A. Bentley & Sons Co. On the face of the voucher the contractor admits the loss.

I consider this to be a very clear case of carelessness on the part of the contractor, and there is no doubt in my mind but that the contractor should reimburse the Government.

W. R. REECE.

EXHIBIT G. W. S. No. 1.

ACCOUNTANT'S REPORT IN RE D. W. MCGRATH & SONS, COLUMBUS, OHIO. CAMP SHERMAN, CHILLICOTHE.

STORCK AND DENGLER (INC.),
New York, November 6, 1919.

Hon. JOHN C. MCKENZIE,
Chairman Subcommittee No. 2, Select Committee on Expenditures in the War Department, Washington, D. C.

CAMP SHERMAN.

GENTLEMEN: Pursuant to the instructions of Col. W. T. Chantland, special counsel to the committee, we herewith submit our report of the examination of the books of D. W. McGrath and D. W. McGrath & Sons, of Columbus, Ohio, the contractor ot Camp Sherman, Chillicothe, Ohio.

MAXIMUM FEES.

The first contract that was given to D. W. McGrath & Sons, which contract was entered into by the War Department in November, 1917, provided for a maximum fee of $60,000.

From an examinotion of a book known as "Fees paid" kept by a Mr. John, the auditor of D. W. McGrath & Sons, shows fees paid for account of the contractor $55,283.32. The books of D. W. McGrath & Sons show that on July 22, 1919, the Government paid direct to the Columbus office a check for

$4,471.63, making total payments on account of fees to July 22, 1919, of $59,754.95, leaving the amount of $245.05 unpaid to October 31, 1919, on account of the maximum fee of $60,000.

D. W. McGrath & Sons received an additional contract which is known on their books as "Second contract." This latter contract provided a maximum fee of $100,000, but this fee was not earned, as the work was completed in April, 1919, and in accordance with the terms of the contract, they were entitled to a fee of $64,981.91, of which amount they have received to date the sum of $56,613.53, leaving an amount of $8,368.38 unpaid.

SUBCONTRACTORS' FEES.

There were paid subcontractors' fees $9,350.18 as follows:

On the first contract:		
Essenwein	$8,557.96	
Erner & Hopkins	792.22	
		$9,350.18
On the second contract:		
Essenwein	2,998.15	
Erner & Hopkins	1,012.98	
		4,001.13
Total fees paid to subcontractors		13,351.31

The total fees paid to the contractors and the subcontractors were as follows:

D. W. McGrath & Sons	$116,368.48
Essenwein	11,546.11
Erner & Hopkins	1,805.10
Total	129,719.79

The details of fees paid to both the contractor and the subcontractors are shown in our Exhibit A.

SALARY OF FRANK J. M'GRATH, TAKEN FROM CAMP SHERMAN PAY ROLL.

On the Camp Sherman pay rolls Mr. Frank J. McGrath has received a salary beginning with November 28, 1917, down to and including September 3, 1918, amounting to $4,362.40 as general superintendent, as is evidenced by Exhibit B of this report.

On reference to the exhibit, it will be noticed that from November 28, 1917, to March 5, 1918, Frank J. McGrath has received a salary of $140 per week of seven days at the rate of $20 per diem, and that from March 12, 1918, down to and including September 3, 1918, he received a salary of $92.40 based on six days at the rate of $400 per month.

We find that during the period that Mr. Frank J. McGrath was employed at Camp Sherman on the books of D. W. McGrath & Sons, of Columbus, he received salary for the weeks of December 7, 1917, and December 14, 1917, of $35 per week.

It will be interesting to note that on the books of D. W. McGrath & Sons he is credited with $35 per week, or $150 per month for salary, while during the time he was first employed, i. e., up to March 5, 1918, he was receiving a salary of $600 per month, or four times the amount of salary he was receiving from his own concern.

From March 12, 1918, and to the termination of his employment, September 3, 1918, he received at Camp Sherman salary at the rate of $400 per month, or approximately three times as much as he was getting from D. W. McGrath & Sons (pp. 2116–2117).

* * * * * * *

Mr. Frank J. McGrath states to us that prior to May 20, 1918, he was not a member of the firm, that the concern was known as D. W. McGrath, and that his father was the sole owner, and that he did not participate in the profits of the business. The books show that up to May 20, 1918, the only capital account was in the name of D. W. McGrath, but on referring to the first contract as made by the War Department with D. W. McGrath the following appears: "D. W. McGrath, a copartnership composed of D. W. McGrath, E. H. McGrath, F. J. McGrath, and John A. McGrath."

This is explained by Frank J. McGrath and E. H. McGrath that at the time the contract was made it was not noticed by them; that they afterwards called the attention of some one in the War Department and was told that if the contract as it then stood was to be sent back to the War Department that this would cause delay in their getting the work of a new contract properly signed, and for that reason they permitted the original contract to stand as it was drawn in the name of a copartnership.

This explanation as given by Mr. Frank J. and Mr. E. H. McGrath may be a plausible one, but the writer is directing same to the attention of the chairman of this committee, for he is of the opinion that Mr. Frank J. McGrath was a copartner, as is shown by the contract made with the War Department, although the capital account stood in the name of D. W. McGrath (the father), and the fact that the books have not been closed since April 24, 1915, or the profits and losses not being determined until May 20, 1918, up to which time the Government work had not been shown in the books, and a final closing of the books having not been made until May 31, 1919, at which time Frank J. McGrath did participate in the fees that were received through this Government contract. he is not entitled to the salary drawn by him and appearing on the Camp Sherman pay roll, amounting to $4,362.40, and that this amount should be reimbursed to the Government (pp. 2117-2118).

* * * * * * *

On the profit and loss statement, as mentioned above, it is shown that the profits ending May 20, 1918, were $46,334.29, which were distributed as follows:

85 per cent to D. W. McGrath	$39,384.15
15 per cent to E. J. McGrath	6,950.14
	46,334.29

From May 20, 1918, to May 31, 1919, the profits, exclusive of the Government business, amounted to $1,244.11, which has not as yet been distributed. The profits from the Government business amounted to $111,403.63, which were distributed in the following ratio:

25 per cent to D. W. McGrath	$27,850.90
15 per cent as a bonus to E. H. McGrath	16,710.55
25 per cent to E. H. McGrath	[1] 27,850.90
10 per cent to F. J. McGrath	11,140.36
15 per cent to F. J. McGrath	[1] 16,710.55
10 per cent to John A. McGrath	11,140.37
	111,403.63

* * * * * * *

SALARIES.

The salaries drawn by the individual members of D. W. McGrath prior to the receipt of the Government contract were as follows: D. W. McGrath, $625 per month; E. H. McGrath, $150 per month and bonus; F. J. McGrath, $150 per month; J. A. McGrath, $125 per month.

Respectfully submitted.

[SEAL.]

STORCK & DENGLER (INC.).
GEO. W. STORCK, *President.*
JOHN C. DENGLER, *Secretary.*

* * * * * * *

EXHIBIT B.

Salary of Frank J. McGrath, as general superintendent, taken from Camp Sherman pay rolls.

Nov. 28 to Dec. 4, 1917, 7 days at $20 per day	$140.00
Dec. 11, 7 days at $20 per day	140.00
Dec. 18, 7 days at $20 per day	140.00
Dec. 25, 7 days at $20 per day	140.00
Jan. 1, 1918, 7 days at $20 per day	140.00

[1] These two items, amounting to $44,561.45, were returned to the business for the purpose of creating a "sinking fund" to be used for bad debts.

Jan. 8, 7 days at $20 per day	$140.00
Jan. 15, 7 days at $20 per day	140.00
Jan. 22, 7 days at $20 per day	140.00
Jan. 29, 7 days at $20 per day	140.00
Feb. 6, 7 days at $20 per day	140.00
Feb. 13, 7 days at $20 per day	140.00
Feb. 19, 7 days at $20 per day	140.00
Feb. 26, 7 days at $20 per day	140.00
Mar. 5, 7 days at $20 per day	140.00
Mar. 12, 6 days at $400 per month	92.40
Mar. 19, 6 days at $400 per month	92.40
Mar. 26, 6 days at $400 per month	92.40
Apr. 2, 6 days at $400 per month	92.40
Apr. 9, 6 days at $400 per month	92.40
Apr. 16, 6 days at $400 per month	92.40
Apr. 23, 6 days at $400 per month	92.40
Apr. 30, 6 days at $400 per month	92.40
May 7, 6 days at $400 per month	92.40
May 14, 6 days at $400 per month	92.40
May 21, 6 days at $400 per month	92.40
May 28, 6 days at $400 per month	92.40
June 4, 6 days at $400 per month	92.40
June 11, 6 days at $400 per month	92.40
June 18, 6 days at $400 per month	92.40
June 25, 6 days at $400 per month	92.40
July 2, 6 days at $400 per month	92.40
July 9, 6 days at $400 per month	92.40
July 23, 6 days at $400 per month	92.40
July 30, 6 days at $400 per month	92.40
Aug. 6, 6 days at $400 per month	92.40
Aug. 13, 6 days at $400 per month	92.40
Aug. 20, 6 days at $400 per month	92.40
Aug. 27, 6 days at $400 per month	92.40
Sept. 3, 6 days at $400 per month	92.40
	4,362.40

The above salaries were drawn by Mr. Frank J. McGrath for the period as stated and during the time of the first contract.

Salary of Frank J. McGrath, drawn on the books of D. W. McGrath.

Dec. 7, 1917, salary	$35.00
Dec. 14, 1917, salary	35.00
	70.00

* * * * * * *

EXHIBIT D.

D. W. McGrath & Sons, Columbus, Ohio.

CAMP SHERMAN.

	Volume.	Cost.	Losses.	Gains.	Net profit.	Overhead expenses.	Overhead on volume.
Private business:							
From Apr. 24, 1915, to May 20, 1918	$1,682,301.52	$1,635,967.23	$98,587.44	$144,921.73	$46,334.29	$71,392.46	Per ct. 4.25
From May 20, 1918, to May 31, 1919	406,571.94	403,519.52	.....	.....	1,244.11	30,656.73	.75
Total, private business	2,088,873.46	2,039,586.75	98,587.44	144,921.73	47,578.40	102,049.19	5
Total Government business	2,920,458.76	.....	.....	.....	111,403.63	19,681.65	.06
Grand total	5,009,332.22	2,039,586.75	98,587.44	144,921.73	158,982.03	121,730.84	.....

EXHIBIT E.

Profit and loss (distribution), taken from analysis of revenue books (omitting details).

D. W. M'GRATH & SONS, CAMP SHERMAN, COLUMBUS, OHIO.

	Losses.	Gains.	Net profit.	Per cent.	How distributed.	Amount.
Private business:						
From Apr. 24, 1915, to May 20, 1918.	$98,587.44	$144,921.73	$46,334.29	85	D. W. McGrath (father)	$39,384.15
				15	E. J. McGrath	6,950.14
From May 20, 1918, to May 31, 1919.			[1] 1,244.11			
Government business, Camp Sherman.			111,403.63	25	D. W. McGrath	27,850.90
				15	E. H. McGrath (as bonus).	16,710.55
				25	E. H. McGrath [1]	27,850.90
				10	F. J. McGrath	11,140.36
				15	do.[2]	16,710.55
				10	John A. McGrath	11,140.37
					Undistributed profits	1,244.11
Total			158,982.03			158,982.03

* * * * * * *

NOTE.—It will be noted that during this period Frank J. McGrath participated in the profit and that the business is known as D. W. McGrath & Sons.

SERIAL 3, PART 29 (pp. 2125–2142).

Part 29 is the testimony of Robert H. Todd, formerly mayor, now chairman of the council of administration and commissioner of public service of the city of San Juan, P. R., and refers largely to the land purchases for Camp Las Caskas, P. R., and until further investigation is made by the committee no sufficient purpose can be served by abstracting testimony at this point.

SERIAL 3, PARTS 1–14.

Parts 1 to 3 of serial 3 are as follows:

Part 1 is the testimony of the Secretary of War relating generally to the selection of camp sites, the testimony of Gen. Marshall, now in charge of Construction Division, War Department, and of Mr. Gilbert F. Woods, Chief, Real Estate Division, War Department, and of George William Summers, having to do with the acquisition of real estate for Camp Benning, Ga., and the testimony of Maj. A. B. Critchfield, relating to the real estate and construction of Camp Benning, and the statement of Lieut. Col. Smith W. Brookhart, Ordnance Department, U. S. A., relating to the desirability of permanently maintaining small Army training camps and schools.

Part 2 contains further testimony of Gen. Marshall, complete printed copies of the four editions of the emergency construction contract, used in the construction of camps and cantonments, and other works of emergency construction, concerning which extensive testimony has been taken. Such contracts are printed at pages 84–114.

Part 3 relates to the purchase of real estate at Camp Benning—matters which have already been taken up by the Committee on Military Affairs of the House of Representatives, and which need not be further discussed here.

Parts 4–14, inclusive, relate to alleged misconduct and improper administration of affairs at Walter Reed Hospital, Washington, D. C., and are not relevant to the present issue.

SERIAL 3, PART 1.

Testimony of NEWTON D. BAKER, Secretary of War (pp. 3–34):

A general staff committee, as I recall it, drew up a circular which stipulated the things which were to be considered in selecting the sites. Accessibility to railroad for both men and supplies was one consideration; the character of the climate, the rainfall, and things of that sort; the sanitary conditions, the available area for maneuvers, and perhaps other considerations were included.

As I recall it—this may not be right—but as I recall it, the commanding generals of the several departments were directed to appoint boards, and upon each board, as I recall it now, an engineering officer and a medical officer were required to be included to examine all the sites tendered or suggested, and any that were within their own cognizance, and make recommendations for the final selection of sites. And it was largely upon these recommendations—and I say largely because I think there were two instances in which the decisions came to me personally—and it was largely upon the recommendation of the officers that these sites were selected.

In fact, the commanding general's recommendation was final unless vetoed by me. The recommendation was followed in every instance except two that I recall. One was that of selecting Louisville instead of Lexington because of the larger railroad facilities and river transportation. The other was the matter of Camp Dodge, Des Moines, Iowa. That was largely a question of inquiry as to whether it had been selected as against Minneapolis or St. Paul because of moral reasons.

The National Guard camps were selected very largely, if not exclusively, for climatic reasons, the thought being that the National Guard being an already organized force would be trained in tent construction rather than in wood construction, and that the warmer climate in the South would last through the winter and make living in tents more possible. This was found impracticable. That winter was one of the severest winters the United States ever had, and our expectation of finding tentage adequate, even in the extreme South, was largely disappointed by the unusual and unprecedented severity of the winter.

The capacity of the Regular Army posts were of relatively little importance.

In 1918 many of the cantonments were enlarged, though at that time we had camp capacity for 1,347,622 men. Having a training and shipment capacity abroad of 300,000 a month would have required a training capacity in camps in this country of 1,800,000. Men brought in under draft showed the necessity of maintaining development battalions, and it was also found necessary to have separate a replacement organization. These required additional area and additional facilities and housing.

We enlarged cantonments from time to time. Estimates for the lease and purchase of lands were included in the appropriations of

Congress. I do not remember that no suggestion was made by the War Department to Congress for any legislation to enable it to acquire further tracts of land. We never had sufficient training facilities in this country. Our troops, when they went abroad, had to be trained in France for weeks and months.

I do not recall that any demand came from officers in charge of various camps and cantonments that they did not have sufficient training facilities, but there was not a single area, or not more than one, upon which anything like modern artillery training could be given in conjunction with mobile troops.

Mr. McKenzie. Getting back to the main proposition. On what law, Mr. Secretary, does the General Staff base its authority, if you know, to go out and obligate this Government by the establishment of permanent camps, purchasing the land, making permanent improvements, without any authorization from Congress?

Secretary Baker. There could not be any law unless it was passed by Congress.

Mr. McKenzie. Well, is there any such law?

Secretary Baker. I assume so. I can not cite it to you, but Congress placed the money in our hands and authorized us to spend it.

Mr. McKenzie. That is very true—for war purposes.

Secretary Baker. Yes; exactly.

Mr. McKenzie. And you went out and in good faith under that law took temporary leases for three years all over the country, put up temporary buildings, and carried out the desires not only of Congress but of the country, in my judgment. But I would like to know on what sanction of law the General Staff of the War Department, or any other agent of the Government, assumed to go out and establish permanent camps by the purchase of land and the construction of permanent buildings without first having the authorization of Congress.

Secretary Baker. Why, Mr. McKenzie, the Congress never undertook to say whether we should purchase or lease. It never undertook to say whether we should build permanent buildings or temporary buildings. The Congress appropriated the money and told us to provide the facilities, and in the exercise of very wide discretion which was intrusted to the War Department we undertook to purchase after we had leased, because it was better business to do it, because it would save money ultimately to the Government. Those camps can not be said to be permanent as against any wish Congress may have. Congress may order us to dispose of them at any time.

Mr. McKenzie. But so far as the War Department is concerned they are presumed to be permanent?

Secretary Baker. The presumption of the War Department is futile as against the congressional will. If you want us to dispose of them just say so.

Mr. McKenzie. I understand; but the point I am getting at is the going ahead and involving the Government in these matters without asking any questions, assuming that you have the authority, or that the General Staff has the authority, to go into Illinois or into Kentucky, or some other State, and immediately commence the condemnation of property, and go right ahead and buy 130,000 acres of land and establish a permanent camp thereon.

Secretary BAKER. Well, the War Department did not quite do that, Mr. McKenzie. When the armistice came the War Department came down here and got the attention of the House Committee on Military Affairs and went over to the Senate and got the attention of the Senate Committee on Military Affairs, and laid before both bodies full detailed statements showing the leases, the annual rental, and estimated damages to the owners of the property, the cost of placing the land in its original condition for redelivery to its owners, the investment of the Government in roads, sewers, buildings, and facilities of all sorts, and asked the committees' advice and judgment as to what was the sound thing to do. The committees very properly said that they could not speak for the whole Congress. The Military Affairs Committee of the House refrained from giving us any advice at all, but told us that the best way to do was to use our best judgment. The Senate committee was not quite so reserved as that, but would make no commitment of the Senate, of course. So while the War Department did go ahead and exercise what it believed to be sound business judgment, it was not done in any concealment from the Congress. We have no way of consulting Congress except through the committee, and we laid all the facts before the committee and sought advice. The committee realized its own inability to give us advice and we then took the best business judgment we had.

* * * * * * *

Mr. McKENZIE. Is it not also true that later on, in February, the matter came up again, and was, I believe, reconsidered to some extent; but along about March 4, through the efforts of Senator Smith, the Senate Committee on Military Affairs took the matter up again, on a motion to reconsider the former action, and was defeated on a tie vote?

Secretary BAKER. That is true.

Mr. McKENZIE. And therefore there never has been any approval of Congress so far as Camp Benning is concerned?

Secretary BAKER. I think that is true now. I did not think so at the time, but I think so now.

Mr. McKENZIE. And is it not also true, Mr. Secretary, that after the action taken by the Senate Committee on Military Affairs you ceased operations at Camp Benning?

Secretary BAKER. That is true.

Mr. McKENZIE. And that there was not anything further done until after Congress had adjourned March 4?

Secretary BAKER. Yes.

Mr. McKENZIE. And is it not also true, Mr. Secretary, that after the Senate committee had taken the action it did take in regard to Camp Benning the War Department determined then to change Camp Bragg from an artillery firing field to a small-arms firing field? In other words, to utilize it for the same purpose as Camp Benning?

Secretary BAKER. I can not answer that very definitely because I really had so little personal contact with the matter. I have a recollection that either Mr. Crowell, the Assistant Secretary, or Gen. March told me that if Camp Benning was not to be established it might be possible to use a part of Camp Bragg for artillery and a part of it for small arms, making Camp Bragg serve the double

purpose—less adequately, but make it serve. Whether that plan ever matured I do not remember.

Mr. McKENZIE. It contains about 135,000 acres, does it not?

Secretary BAKER. I do not remember.

Mr. McKENZIE. Do you remember the amount authorized for construction at Camp Bragg?

Secretary BAKER. I do not, sir.

Mr. McKENZIE. I notice in the testimony of Mr. Crowell before the Appropriations Committee of the House in January, 1918, it was given as $16,841,000. This amount, however, was cut down after the armistice, as I understand it, and the plan to curtail from six brigades to four cut off, I think, perhaps four or five million dollars of that estimate.

Secretary BAKER. I have no recollection of the figures at all.

Mr. McKENZIE. He also testified at that same hearing that the authorization for construction at Camp Knox was $21,000,000. Now, after the action of the Committee on Military Affairs of the Senate, as I stated, and at the hearing before the Appropriations Committee in the House in January, 1919, Mr. Crowell stated, speaking of Benning:

The CHAIRMAN. Do I understand that you have actually stopped?

Mr. CROWELL. We have actually stopped.

The CHAIRMAN. When did you stop?

Mr. CROWELL. I think it was last Saturday night. We stopped the same day that the Committee on Military Affairs of the Senate passed the resolution requesting us to stop.

The CHAIRMAN. What are you doing now?

Mr. CROWELL. We are cleaning up, and we are going to salvage all we can.

The CHAIRMAN. You have notified all the people in interest that you are not going ahead, so that they can govern themselves accordingly?

Mr. CROWELL. Orders have been given to do that.

That was in January, 1919. Now, the matter remained apparently in that condition until, I think it was the 7th of March last, when Senator Smith of Georgia came to your office, and I will read his own words from the Congressional Record, from page 2430, taken from a speech that he made in the Senate recently:

I presented a letter to the Secretary of War which I had printed in the record. I reviewed in it the facts and insisted that the effect of the action of the committee was to leave the question of completing Benning to the department, and that the decision of the department to construct Benning on the reduced scale was wise. I urged in this letter that the Benning project be continued. I called with Representative Wright on the Secretary of War and with the Assistant Secretary, Mr. Crowell, Mr. Crowell being himself earnestly in favor of going on with Benning. I read the letter to the Secretary of War, and that was all I said. He turned to Mr. Crowell and asked, "What does the General Staff say?" He replied, "The General Staff and the War College are heartily in favor of continuing Benning," and the Secretary of War simply said, "Go ahead with the project on the reduced plan."

Now, is that correct?

Secretary BAKER. That is perfectly correct, with two exceptions, which doubtless are cured by other statements of Senator Smith in his speech. I do not happen to remember Mr. Wright's being present. As I recall that conversation, Senator Smith, Mr. Crowell, and I were alone, though they may have seen Mr. Wright at another time. The other exception is that in that conversation Senator Smith either presented to me a letter, or told me and Mr. Crowell confirmed it, that

two members of the Senate Committee on Military Affairs who had not been present when the tie vote was taken had subsequently, either by letter or verbally, indicated that their judgment was in favor of proceeding with the project on the reduced scale, and that if they had been present the committee vote, instead of being seven to seven, would have been nine to seven.

Mr. McKENZIE. Now, Mr. Secretary, at the time of the armistice it is testified by Mr. Crowell—and I think you were present when he gave the testimony—that no land had been purchased at Benning.

Secretary BAKER. I think that is so.

Mr. McKENZIE. Later on the Committee on Military Affairs of the Senate vetoed the proposition by its action. The Congress denied any appropriation; you evidently considered the matter as closed, and apparently had given it no further consideration until Senator Smith, according to his statement, appeared at your office on about the 7th day of March and urged, in view of all these things, that you go ahead and authorize construction of this camp regardless of all these facts, and you did that.

Now, were you influenced in your action at that time by what Senator Smith said or the arguments that he produced to change your mind in the matter?

Secretary BAKER. Why, Mr. McKenzie, the facts are quite simple. The General Staff had been urging the construction of Camp Benning for a long time. We had taken possession of a large amount of land; had dispossessed the farmers; they had gone off and bought or had made engagements to buy other lands; we had done some work at Camp Benning; had accumulated large materials there; had made contracts for construction there, and the project was a going project before the armistice; and a great many people were in a situation of distress by reason of the intervention of the Government stopping their farming operations and all the rest of it. It seemed to me from the beginning that it was wiser to go forward with the purchase of the land than it was to discontinue and try to adjust these difficult financial relations and embarrassments of all the people that were there.

And yet when we consulted with the Senate and House committees it was not a question of the power of the War Department; it was a question of the wisdom of the course to be followed. I was not aware, when I acted finally, of Mr. Crowell's testimony before the House committee; in fact, I do not recall that that has ever been called to my attention until now. That may be true, but that was not in my mind.

When we went before the Senate committee Mr. Crowell made the principal presentation of the matter. He urged it both as a wise thing to do from a military point of view and the sound thing to do because of the engagements the Government had already made and the embarrassment of the people there who would be inconvenienced and injured if the thing were discontinued.

The Senate committee then took a vote and decided against Camp Benning, and, as Mr. Crowell said in his testimony, we instantly stopped. That, as I remember, was on the original large project.

Then the General Staff made a modified project, smaller in its outlay. Senator Smith was interested in that. I think I saw him only once after the time of the Senate vote adverse to the action

that is there talked about. He told me he was very much interested in it and that he had become converted to the wisdom of it by his talk with officers who had been there. I told him I felt myself bound by the Senate vote and that I would do nothing in the matter which was antagonistic to the view the Senate had expressed. He said he thought that on another presentation of the matter the Senate committee would change its position, and I told him I would take no action antagonistic to the Senate vote.

So on the 4th of March there was a meeting of the committee, at which I was not present. Senator Smith brought the matter up again, and apparently that vote was on the question of reconsidering the previous resolution. The vote was a tie, and it stood 7 to 7 on a reconsideration, so that technically the vote was lost. I do not think that was in my mind. All that I knew about it was that the committee when it took the matter up the second time stood 7 to 7.

Then Senator Smith came to see me. Mr. Crowell was with him. They had discussed the matter. The matter presented itself to me as a vote of 9 to 7, in view of the fact that two members of the committee had indicated, one by letter and one verbally, that if they had been present they would have voted the other way, so that as the thing presented itself to my mind the Senate committee, upon the presentation of these new facts, had expressed a different view; and I said to Mr. Crowell, "Well, does the General Staff feel that this modified project is a wise thing?" And Mr. Crowell said yes, they were in favor of it.

Having in view then the embarrassments of the people we had dispossessed, the larger opportunity of salvage to the Government, the fact that we had consulted the Senate committee and it now stood 7 to 9, as it presented itself to my mind, I told Mr. Crowell to go ahead with the reduced project.

But I will say to you frankly that I think I made a mistake in this, that the Senate committee, in session, having failed by a tie vote to reconsider its previous vote, and having consulted the committee and having said to the committee that I would defer to their judgment, I ought not in deference to the Senate committee to have accepted the letter and verbal statement of the two Senators that if they had been present they would have taken a different view.

Mr. McKenzie. That is just the point I have in mind.

Secretary Baker. I certainly made a mistake in doing that.

* * * * * * *

Mr. McKenzie. Mr. Secretary, if the course pursued in relation to this Camp Benning were followed in peace times what barrier would there be between the War Department and the people so far as involving them in the expenditure of public money is concerned?

Secretary Baker. Of course this could not have happened in peace time, Mr. McKenzie. In peace there is plenty of time. The Congress makes the most detailed appropriation. In war time the necessities were such that it was impossible to make detailed appropriations. Decisions had to be taken too swiftly and execution had to follow too soon upon decision. So the Congress very wisely—indispensably I think—intrusted the War Department with discretion.

* * * * * * *

The Chairman. And in the meantime retain all of them?

Secretary BAKER. I believe so; I think it would be wiser to retain them.

The CHAIRMAN. But spend no money on them?

Secretary BAKER. Not quite that. There are some camps and cantonments where the expenditure of a small sum would save wasting or deterioration, and so on; but I think we should not spend any large sums.

Gen. R. C. MARSHALL, Chief Construction Division, War Department (pp. 24–29):

The CHAIRMAN. Well, on the 28th day of October, long before any of this land had been purchased, you let a contract involving the Government—on the 28th day of October, 1918, you let a contract for the construction of cantonments for Infantry School of Arms at Camp Benning to the Seldon Broeck Construction Co., of St. Louis, for $1,460,000, didn't you?

Gen. MARSHALL. I can not recall exactly now, but that is approximately the amount.

The CHAIRMAN. And that was a cost-plus contract, was it not, General?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. Who advised you to let that contract?

Gen. MARSHALL. The authority for the expenditure of the funds and for the construction of the camp at that place was obtained in the usual manner—by submitting to the Director of Operations the estimated cost of the work, and having been determined by the War Department that the camp was to be located there, and upon the approval of the Secretary of War of the expenditure of these funds, the committee on emergency construction and engineering of the War Industries Board was requested to select the name of a contractor for that work, giving a brief description of what the work would comprise. That committee selected the Seldon Broeck Construction Co., and it was submitted to the Secretary of War for his approval. It went through the usual procedure that all these things go through.

The CHAIRMAN. And that was prior, of course, to the purchase of any of the land?

Gen. MARSHALL. As I understand it, I don't think any of the land had been purchased.

The CHAIRMAN. As a matter of fact, you don't know very much, General, about the procedure in acquiring this land?

Gen. MARSHALL. Not up to the point of when it was turned over to our office to carry the proceedings forward. I have talked with them and gone over what they have done a number of times, and it has been in an endeavor to arrive at an agreement in price between the owners and the Government, and when such an agreement was made to except that parcel from the condemnation proceedings.

Maj. A. B. CHITCHFIELD, Quartermaster Corps, U. S. Army (pp. 35–52):

Has had 35 years' military service; formerly adjutant general of the State of Ohio; ordered to Camp Benning, Ga., on October 10, 1918, for the purpose of locating the rifle range. While adjutant

general of the State of Ohio I was a board of one to select a rifle range and build it at Camp Perry, Ohio.

The Selden Breck Construction Co., at St. Louis, had a contract to construct Camp Benning.

Mr. McCULLOCH. Now, Gen. Goethals, when he was before the full committee some time ago condemned cost-plus contracts and suggested that the proper way to build a camp in a hurry was to put a Government constructing engineer on the job and let him complete the work. What do you say as to the relative efficiency and cost of the two systems; the one that is being adopted at Camp Benning or the one of having a constructing engineer?

Maj. CRITCHFIELD. I don't know how a man would feel that had so much money that he would pay somebody 10 cents on the dollar to spend it for him. It isn't the kind of contract that I would make or stand for for 15 seconds.

Mr. McCULLOCH. What do you say, having been on the ground of the efficiency——

Maj. CRITCHFIELD (interposing). I would cancel it if I could and put it in charge of the engineers there, and we have good ones. Maj. Lewis is in charge there. The engineer and the quartermaster is the way to do it. This is no way. I have talked to both of them about it.

Mr. McCULLOCH. Now, having done it the wrong way, will you tell the committee what you have observed as to the result down there?

Maj. CRITCHFIELD. I think this should be given to the engineers. I think they need the practice, and the Government has educated them, and Maj. Lewis would like to have the work, but he can not get it.

Mr. McCULLOCH. My question goes to this: What have you observed down there as to the result of the operation of the cost-plus contract system in the way of waste and extravagance and the relative cost as compared to other methods that could be put into operation?

Maj. CRITCHFIELD. I do not believe they are getting as good results. I know this, that the work there does not appeal to me that they are getting as much as I did when I built Camp Perry, and I was engineer and quartermaster both.

Mr. McCULLOCH. Let me ask you this question: In your judgment has there been any great loss to the Government as the result of this timber on the ground not being felled and used in the construction of the building and camp? Has there been any great loss to the Government as the result of that policy?

Maj. CRITCHFIELD. I can only answer it in this way: My understanding is that the timber being used is from other places——

Mr. McCULLOCH (interposing). Shipped in?

Maj. CRITCHFIELD. Shipped in from other places.

Now, there is danger of great loss if that timber is not salvaged, because all the timber in front of the firing line would be full of steel bullets and could not be sawed and could not be used. It must be cut before that goes on. In the Bradley tract, Mr. Bradley told me, there was two and a half million feet of timber in the woods. That is right square in the firing line; we have to cut every tree. There is more than twice as much timber there as would build the rifle butts and a quarter million feet of finishing lumber.

* * * * * * *

Mr. DOREMUS. Just a question, General. As a general rule, what sort of timber is used for Army construction camps?

Maj. CRITCHFIELD. I could not answer that. The most of the lumber down here is this pine—not long-leaf yellow pine, but it is made up mostly of sap and bark.

The CHAIRMAN. Do you know what price they are paying for it?

Maj. CRITCHFIELD. I have understood from $30 to $40 a thousand; I do not know for sure.

Mr. MCCULLOCH. What do you think it is worth?

Maj. CRITCHFIELD. It is not worth any more than that.

Mr. MCCULLOCH. Would you hazard an opinion what it is worth?

Maj. CRITCHFIELD. A good many boards are not worth anything. You have to cull too much to get a decent board. I have worked at that, and I have used some of these on the temporary range, and I had to go down myself to the mill and have something to say about it or I would not have had enough to build it. And then they don't handle it properly. They get a lot of colored gentlemen on a car and they throw it as far as they can, and it is only a question of whether it will split straight or crooked; it will split as sure as the world.

ABSTRACT OF TESTIMONY.

SERIAL 3, PART 30.

(Pp. 2141–2290.)

Hearings held at Washington, D. C., December 22, 1919.

(Extracts from typical Navy cost-plus contract, Oct. 3, 1918:)

Fifth. For delay in completion for beneficial occupancy as aforesaid deductions as liquidated damages shall, subject to the provisions of the general provisions aforesaid, be made from payments earned hereunder at the rate of $100 a day; provided that if the contractor shall be unable to obtain the necessary materials the Government, upon request, will give such aid in obtaining them as may be practicable, and a further failure to obtain such materials will then constitute an unavoidable delay within the meaning of paragraph 14 of said general provisions; and, further, that strikes of workmen interfering with the progress of the work will likewise constitute an unavoidable delay within the meaning of said paragraph.

Sixth. For and in consideration of the faithful performance of the work herein provided for the contractor shall be paid the cost of the work furnished by it therefor as said cost is hereinafter defined a plant rental of $1,000 and a fixed fee of $20,000.

* * * * * * *

Eighth. The contractor will furnish without charge other than the fee provided for herein, its business and purchasing system, engineering skill and experience, skilled organization, patented rights, and, generally, its ability to organize and equip the work with experienced men (pp. 2143–2144).

(Extracts from cost-plus contract of Aberthaw Construction Co., June 16, 1919:)

COMPENSATION.

For your services as our agents you are to receive and we are to pay a sum equal to 7 per cent of the total of the before-mentioned items of cost which enter into your work.

For this consideration you are to furnish without additional charge the following services:

(*a*) Your executive officers or home office representatives to direct and oversee the work.

(*b*) Purchasing department, which is to act as ours for this contract.

(*c*) Employment and personnel department to recruit labor and supervise labor conditions.

(*d*) Your planning department to look after details of operation.

(*e*) Your accounting and cost accounting departments to install proper systems of accounting and cost accounting for the work.

* * * * * * *

3. For acting as general contractor, the owner agrees to pay the Construction Co. the actual cost of the work and to pay the Construction Co. a profit of $18,000, which will be increased to $20,000 or decreased to $16,000 at the will of the owner. It is understood that if the work is fully satisfactory to the owner the profit will be the maximum; if it is fully unsatisfactory, the amount will be the minimum. Profit to be paid at the end of the job (pp. 2144–2145).

On pages 2145 and 2146 is printed a schedule of rentals on machinery in a contract of the Crowell, Lundoff & Little Co., dated

September 1, 1915, for the purpose of comparison with rates stated in the emergency construction contract.

(Further extracts from said contract:)

On the completion of said work the contractor agrees to purchase from the owner all the materials used for the wood and metal forms, scaffolding, and sheet piling which are in good, serviceable condition at 40 per cent of its cost, delivered on the job, and all tools which shall have been used on said job at 60 per cent of said cost. These credits shall be allowed to the owner before the total cost hereinafter mentioned is computed.

* * * * * * *

ART. 4. That as soon as possible after the completion of all plans and specifications by the architect the contractor shall estimate the cost of the building, said estimate of cost to include all items of expense mentioned in article 3, and to include the contractor's remuneration as provided in article 2. This estimated total cost, as above defined, exclusive of extra work, shall be regarded as the maximum cost to the owner for the completion of said building in accordance with the contract plans and specifications, and the contractor agrees that should the actual cost of said items provided in article 3 plus the contractor's remuneration as provided in article 2 exceed the said total estimated cost then any excess of cost of said items of work so erected shall be paid by the contractor (p. 2146).

A. C. Winslow, superintendent of the Ross P. Beckstrom Co., transmits affidavit stating that the elevator building at Rockford, which collapsed (see testimony of Maj. Brannen, A. 333–334), was erected in accordance with instructions from the Quartermaster's Department, and that he asked Lieut. Fox, in charge, for the iron bands, and that Lieut. Fox said that these bands were not necessary and not needed in this type of construction; that Maj. Charles, constructing quartermaster, in person, inspected the elevator (p. 2146).

At pages 2147–2154 is printed in full the A. Bentley & Sons' contract for the construction of the cantonment at Chillicothe, Ohio.

At pages 2554–2577 are printed three contracts, each providing for "part of the grading, culverts, and road building, upon the cantonment site at Chillicothe," to the extent directed by the contracting officer, said contracts being as follows:

One dated July 7, 1917, with Brewer, Tomlinson & Brewer; second dated July 10, 1917, with W. H. Ringwald & Sons Co.; and third dated July 10, 1917, with J. F. Perry.

At pages 2177–2185 is printed a contract for additional barracks, mess halls, kitchens, etc., with the firm of D. W. McGrath, composed of D. W. McGrath, E. H. McGrath, F. J. McGrath, and H. A. McGrath, dated September 5, 1918.

At pages 2185 and 2187 are printed two subcontracts dated December 28, 1918 (after the armistice was signed), between D. W. McGrath and Erner & Hopkins Co. for electrical work, and the Samuel A. Esswein Heating and Plumbing Co. for plumbing and heating.

At pages 2189–2197 is printed a so-called maintenance contract with the firm of D. W. McGrath, composed of D. W. McGrath, E. H. McGrath, F. J. McGrath, and H. A. McGrath, dated November 1, 1917.

At pages 2197–2198 is printed a memorandum relating to the maintenance contract and a supplemental maintenance contract, increasing the maximum fee for suc hmaintenance work from $15,000 to $60,000, said contract being dated February 20, 1918.

At pages 2198, 2200, and 2202 are printed three subcontracts between McGrath and subcontractors relating to electrical work and plumbing and heating.

At pages 2203–2210 is printed the contract with Bates & Rogers Construction Co. for the construction of Camp Grant, dated June 21, 1917.

At pages 2211–2218 is printed a contract with Bates & Rogers, dated July 19, 1917, for the construction of the roads at Camp Grant

At pages 2218–2226 is printed the maintenance contract for Camp Grant, including additional construction with Ross P. Beckstrom Co., dated November 1, 1917.

At pages 2226–2233 is printed the contract with Henry Ericsson Co. for the enlargement of Camp Grant, dated September 6, 1918.

At pages 2233, 2235, 2237, 2239, and 2241, are printed subcontracts between Henry Ericsson Co. and various subcontractors, dated November 1, 1918, being for sheet metal work, setting up stoves and furnaces, all electrical work, all plumbing, all steam heating, and all plastering and lathing.

At Pages 2243–2250 is printed the contract with Henry Ericsson Co., dated February 2, 1918, for addition to hospital and other work.

At pages 2250–2252, 2254, 2255 are printed various subcontracts between Ericsson Co. and subcontractors, dated March 14, 1918, for plumbing and for steam heating of hospital, and dated January 2, 1919, for rental of steam shovels.

At pages 2257–2281 are printed the proposals, bonds, specifications, and contracts let by Col. Warfield on August 14, 1917, for the construction of barrack buildings at Fort Leavenworth, Kans., on a competitive lump-sum basis, showing that sealed proposals were sent out July 30, 1917 (p. 2261) and were opened August 6, 1917 (p. 2262). The specifications recited therein are complete as to utilities, etc.

At page 2282 is stated the dimensions of the barracks and buildings constructed; also that the specifications called for No. 1 yellow pine, instead of No. 2, as called for by the emergency construction contracts. (Difference in price between No. 1 and No. 2 is testified to at p. 2372.)

At page 2282 is printed a letter from James A. Wetmore, Acting Supervising Architect of the Treasury Department, showing the number of times that he and his organization were called on for services during the war time, being, to wit, a total of six different matters only, none relating to the construction of camps or cantonments.

ABW No. 6.

WAR DEPARTMENT,
THE CAMP SUPPLY OFFICE,
Camp Sherman, Chillicothe, Ohio, September 25, 1919.

From: A. B. Warfield, colonel, Quartermaster Corps, Camp Sherman, Ohio.
To: Mr. W. T. Chantland, counsel for subcommittee No. 2, Expenditures War Department, Washington, D. C.
Subject: Dimensions of various buildings, Leavenworth contract.

MY DEAR MR. CHANTLAND: 1. Your letter of September 23 just received. The copies of the Leavenworth specifications in my possession here do not give the

exact dimensions of the various buildings. However, I know them to be as follows:

Enlisted men's barracks, 20 by 147 feet.
Mess halls, 20 by 56 feet.
Kitchens, 20 by 21 feet.
Bathhouses, 14 by 35 feet.
Latrines, 14 by 42 feet.
Storehouses, 36 by 60 feet.

2. The specifications as prepared by me prescribed for No. 1 yellow-pine lumber and in making up the specifications under which the various bidders bid and under which the successful bidder was awarded the contract I called for No. 1 yellow-pine lumber. To the best of my knowledge there was no subsequent waiver of that specification unless the same was done after I left Fort Leavenworth and before the contract was finished; however, I do not think this likely. I believe I can state positively that these buildings were built out of No. 1 yellow-pine lumber.

A. B. WARFIELD,
Colonel, Quartermaster Corps (2282).

Mr. McKENZIE. We also offer from the general files of the Construction Division of the War Department the following sheets:

"Sheet A, Sheet B, Sheet C, Sheet D, Sheet E, Sheet F, Sheet G."

SHEET A.

NATIONAL ARMY CANTONMENTS AND NATIONAL GUARD CAMPS.

Comparison of total estimates of cost dated Mar. 13, 1917, May 26, 1917, and Aug. 9, 1917, with the total estimated cost prepared Jan. 1, 1918.

	National Army cantonments.	National Guard camps.	Total.
Estimate of Mar. 13, 1917			$78,365,799
Estimate of May 26, 1917			192,393,200
Estimate of Aug. 9, 1917	$102,088,525	$23,527,000	125,615,525
Estimate of Jan. 1, 1918	140,726,473	38,375,272	179,101,745

(R. 2283.)

SHEET B.

Summary of estimates for cantonments for the National Guard and the National Army.

Appropriation.	Estimate Mar. 13, 1917.		Estimate May 26, 1917, cantonment construction.			Other items.	Possible omissions and substitutions under estimate of May 26.	Amount of reductions.
	Per capita.	1,061,270 men.	Per capita.	Per division, 32,347 men.	32 divisions and additional units, 1,103,496 men.			
Barracks and quarters:								
Construction	$42.000	$44,573,340.00	$61.98	$1,997,500.00	$63,920,000.00			
Wall boarding			3.47	112,000.00	3,584,000.00			
Screening and screen doors			2.54	82,000.00	2,807,680.00		Omission of fly screens except for kitchens	$2,739,200
Rental camp sites	2.000	2,122,540.00	.31	10,000.00	342,400.00			
Rental recruiting stations and lodgings	1.184	2,142,440.00						
Allowance for contingencies, 10 per cent	.920		6.83	220,150.00	7,537,936.00			
Supplies, services, and transportation:								
Plumbing			7.75	250,000.00	8,560,000.00		Substitution of latrine trenches for water-closets and urinals.	6,848,000
Heating stoves, steam			9.31	300,000.00	10,272,000.00		Omission of steam heat for barracks at northern cantonment.	2,362,560
Power plant			3.10	100,000.00	3,424,000.00			
Electric lighting, interior			2.79	90,000.00	3,081,600.00		(C) Substitution of kerosene lamps for electric lighting when current is not obtainable from existing sources.	3,834,880
Exterior system in camp limits			.68	22,000.00	753,280.00			
Water system	1.750	1,857,222.50	6.26	200,000.00	6,848,000.00			
Sewer system			2.32	75,000.00	2,568,000.00			1,712,000
Maintenance water and sewer system	.175	185,722.25					(E) Reduced sewerage if water-closets are omitted.	
Sewage disposal			6.21	200,000.00	6,848,000.00			3,766,400
Laundry			6.33	204,000.00	6,984,960.00		Omission of laundries	6,984,960
Fire apparatus, including buildings			1.39	45,000.00	1,540,800.00			
Garbage-incinerating plant			.77	25,000.00	856,000.00			
Ice and refrigerating plant			3.87	125,000.00	4,280,000.00		Omission of refrigerating and ice plants	4,280,000
Bunks			4.18	135,000.00	4,522,400.00			
Mattresses			5.43	175,000.00	5,992,000.00			
Ranges			.62	20,000.00	684,800.00			
Refrigerators			.62	20,000.00	684,800.00			
Allowance for contingencies, 10 per cent			6.17	198,600.00	6,800,064.00			
Toilet paper	2.000	2,122,540.00				$2,122,540.00		
Disposal, garbage	3.000	3,183,810.00						
Purchase, water	4.800	5,994,996.00						
Electric current	4.800	5,994,996.00						

SHEET B—Continued.

Summary of estimates for cantonments for the National Guard and the National Army—Continued.

Appropriation.	Estimate Mar. 13, 1917.		Estimate May 26, 1917, cantonment construction.			Other items.	Possible omissions and substitutions under estimate of May 26.	Amount of reductions.
	Per capita.	1,061,270 men.	Per capita.	Per division, 32,347 men.	32 divisions and additional units, 1,103,496 men.			
Roads, walks, wharves, and drainage:								
Roads	$5.000	$5,306,350.00	$5.43	$175,000.00	$5,992,000.00			
Drainage			.93	30,000.00	1,027,200.00			
Clearing			.62	20,000.00	684,800.00			
Railroads			2.33	75,000.00	2,568,000.00		Reduction of railroad construction on assumption that railroad companies will build distribution tracks in cantonment at their own expense.	$2,568,000
Maintenance, roads	.500	530,635.00						
Allowance for contingencies, 10 per cent			.93	30,000.00	1,027,200.00			
Construction and repair of hospitals	2.100	2,228,667.00	18.92	652,500.00	20,880,000.00		Reduction in size of hospital below estimates submitted by Medical Department.[1]	10,440,000
Shooting galleries and ranges	2.000	2,122,540.00	2.26	78,000.00	2,496,000.00			
Total	72.229	78,365,798.75	174.35	5,666,750.00	192,393,200.00	$2,122,540.00		45,536,000

[1] Estimate submitted by Medical Department (pp. 2284-2285).

SHEET C.

National Army cantonments—Total estimated cost as of Aug. 9, 1917, compared with total cost estimated as of Jan. 1, 1918.

National Army cantonments.	Total cost as estimated Aug. 9, 1917.	Total cost as estimated Jan. 1, 1918.
American Lake, Wash., Camp Lewis	$6,517,468	$7,007,235
Annapolis Junction, Md., Camp Meade	5,873,258	10,500,000
Atlanta, Ga., Camp Gordon	5,800,653	7,483,002
Ayer, Mass., Camp Devens	6,835,223	9,727,145
Battle Creek, Mich., Camp Custer	6,520,528	8,700,000
Chillicothe, Ohio, Camp Sherman	6,125,358	9,620,075
Columbia, S. C., Camp Jackson	6,311,718	8,731,187
Des Moines, Iowa, Camp Dodge	7,000,873	6,815,519
Fort Riley, Kans., Camp Funston	7,002,223	8,799,535
Fort Sam Houston, Tex., Camp Travis	6,650,943	6,717,176
Little Rock, Ark., Camp Pike	5,826,088	9,015,565
Louisville, Ky., Camp Taylor	6,179,248	7,041,392
Petersburg, Va., Camp Lee	6,486,773	11,300,000
Rockford, Ill., Camp Grant	6,331,513	8,517,233
Wrightstown, N. J., Camp Dix	6,246,130	9,623,067
Yaphank, Long Island, Camp Upton	6,390,528	11,128,341
Total	102,088,525	140,726,473

SHEET D.

National Guard camps—Total estimated cost as of Aug. 9, 1917, compared with total cost estimated as of Jan. 1, 1918.

National Guard camps.	Total cost estimated as of Aug. 9, 1917.	Total cost estimated as of Jan. 1, 1918.
Alexandria, La., Camp Beauregard	$1,891,750	$2,684,982
Anniston, Ala., Camp McClellan	3,144,750	3,195,452
Augusta, Ga., Camp Hancock	2,693,750	1,967,817
Charlotte, N. C., Camp Greene	2,878,750	3,196,641
Deming, N. Mex., Camp Cody	2,507,750	2,539,900
Fort Sill, Okla., Camp Doniphan	2,486,750	3,331,802
Fort Worth, Tex., Camp Bowie	2,445,750	2,305,402
Greenville, S. C., Camp Sevier	2,686,750	1,871,440
Hattiesburg, Miss., Camp Shelby	2,247,750	3,289,825
Houston, Tex., Camp Logan	2,092,750	1,963,058
Linda Vista, Calif., Camp Kearny	2,128,750	2,993,055
Macon, Ga., Camp Wheeler	2,088,750	2,098,807
Montgomery, Ala., Camp Sheridan	2,574,750	1,843,614
Palo Alto, Calif., Camp Fremont	2,019,750	1,988,729
Spartanburg, S. C., Camp Wadsworth	3,234,750	2,166,473
Waco, Tex., Camp McArthur	2,435,750	1,974,275
Total	39,139,000	38,375,272
Deduct for tentage instead of lumber construction	15,612,000	.....
	23,527,000	(R. 2286)

SHEET E.

National Army cantonments—Total estimated cost for cantonment construction.

Location National Army camps.	Name of camp.	Date of estimate.	Barracks and quarters.	Supplies, services, and transportation.	Roads, walks, wharves, and drainage.	Shooting galleries and ranges.	Construction and repair of hospitals.	Military post exchange.	Total.	Number of personnel.	Cost per capita.
American Lake, Wash	Camp Lewis	Dec. 10	$3,497,968.00	$2,501,064.00	$338,096.00	$51,175.50	$592,000.00	$27,000.00	$7,007,304.00	44,685	$156.82
Annapolis Junction, Md	Camp Meade	Dec. 31	5,033,510.00	4,151,110.00	865,121.00	50,865.00	370,259.00	30,000.00	10,500,865.00	41,309	255.53
Atlanta, Ga	Camp Gordon	Dec. 20	4,654,472.00	2,096,990.00	295,706.00	85,500.00	444,664.00	27,170.00	7,514,502.00	39,796	188.83
Ayer, Mass	Camp Devens	Nov. 12	4,537,431.00	3,731,718.00	680,315.00	58,000.00	692,899.00	30,178.00	9,730,541.00	35,288	275.75
Battle Creek, Mich	Camp Custer	Dec. 1	3,511,475.00	3,671,180.00	673,672.00	52,004.00	764,969.00	27,000.00	8,700,300.00	34,045	255.55
Chillicothe, Ohio	Camp Sherman	...do	4,920,300.00	3,339,795.00	506,009.00	50,000.00	795,646.00	58,325.00	9,670,075.00	38,393	251.87
Columbia, S. C	Camp Jackson	...do	4,407,462.00	3,016,970.00	491,463.00	52,000.00	733,823.00	31,470.00	8,733,187.00	42,498	205.50
Des Moines, Iowa	Camp Dodge	Dec. 8	3,415,469.00	2,391,360.00	518,690.00	50,000.00	413,000.00	27,000.00	6,815,519.00	40,526	168.17
Fort Riley, Kans	Camp Funston	Dec. 22	4,079,440.00	3,921,301.00	496,794.00	50,000.00	252,000.00	(1)	8,799,535.00	41,564	211.71
Fort Sam Houston, Tex	Camp Travis	Nov. 30	3,599,781.00	1,973,052.00	498,343.00	50,000.00	596,000.00	(1)	6,717,176.00	41,353	162.43
Little Rock, Ark	Camp Pike	Nov. 15	4,629,749.00	2,933,623.00	635,568.00	50,000.00	789,625.00	27,000.00	9,065,565.00	42,347	214.08
Louisville, Ky	Camp Taylor	Dec. 13	4,047,948.00	2,116,815.00	320,934.00	75,000.00	459,864.00	34,664.00	7,055,227.00	43,939	160.57
Petersburg, Va	Camp Lee	Dec. 31	6,959,280.00	2,956,685.00	414,301.00	50,000.00	891,599.00	42,258.00	11,314,123.00	45,512	248.60
Rockford, Ill	Camp Grant	Nov. 30	4,138,419.00	3,598,825.00	163,989.00	40,000.00	535,472.00	10,537.00	8,517,242.00	41,309	216.18
Wrightstown, N. J	Camp Dix	...do	4,847,630.00	3,390,475.00	343,962.00	111,100.00	839,000.00	27,000.00	9,559,167.00	41,309	231.41
Yaphank, Long Island	Camp Upton	Nov. 15	5,023,161.00	4,276,054.00	763,308.00	52,115.00	988,513.00	53,513.00	11,156,663.00	40,913	272.69
Total National Army			71,213,495.00	50,067,017.00	8,036,271.00	928,759.50	10,159,333.00	453,115.00	140,726,473.00	654,786	216.61

[1] Constructed by camp quartermaster.

NOTE.—The figures above given under appropriation shooting galleries and ranges represent the latest data received from the various camps and any figures heretofore submitted thereunder are hereby modified accordingly (p. 2287).

SHEET G.

Names of contractors and date camp sites were approved, contracts executed, and work started.

Location.	Name of camp.	Name of contractor and address.	Date camp sites were approved.	Date contracts were executed.	Date work was started.
NATIONAL ARMY CAMPS.					
American Lake, Wash.	Camp Lewis	Hurley, Mason & Co., Tacoma, Wash.	May 31	June 15	June 14
Annapolis Junction, Md.	Camp Meade	Smith, Hauser & McIsaac, New York City.	June 22	June 23	July 2
Atlanta, Ga	Camp Gordon	Arthur Tufts Co., Atlanta, Ga.	June 2	June 21	June 18
Ayer, Mass	Camp Devens	F. T. Ley & Co., Springfield, Mass.	May 31	June 11	June 13
Battle Creek, Mich	Camp Custer	Porter Bros., Detroit, Mich	June 11	June 19	June 19
Chillicothe, Ohio	Camp Sherman	A. Pentley Sons Co., Toledo, Ohio.	June 21	June 21	July 6
Columbia, S. C	Camp Jackson	Hardaway Construction Co., Columbus, Ga.	June 2	June 11	June 15
Des Moines, Iowa	Camp Dodge	Charles Weitzs Sons, Des Moines, Iowa.	June 27	June 22	June 19
Fort Riley, Kans	Camp Funston	George A. Fuller Co., New York City.	June 13	June 20	June 28
Fort Sam Houston, Tex.	Camp Travis	Stone & Webster, Boston, Mass.	June 11	...do	June 14
Little Rock, Ark	Camp Pike	James Stewart & Co., New York City.	...do	June 23	June 17
Louisville, Ky	Camp Taylor	Mason & Hanger, Richmond, Ky.	...do	June 20	June 22
Petersburg, Va	Camp Lee	Rhinehart & Dennis Co. (Inc.), Charlottesville, Va.	June 8	June 18	June 20
Rockford, Ill	Camp Grant	Bates & Rogers Construction Co., Chicago, Ill.	June 21	June 21	June 24
Wrightstown, N. J	Camp Dix	Irwin & Leighton Co., Philadelphia, Pa.	June 2	June 14	June 12
Yaphank, L. I	Camp Upton	Thompson-Starrett Co., New York, N. Y.	June 18	June 23	June 21
NATIONAL GUARD CAMPS.					
Alexandria, La	Camp Beauregard.	Stewart-McGhee Construction Co., Little Rock, Ark.	July 12	July 17	July 23
Anniston, Ala	Camp McClellan	J. O. Chisholm & Co., New Orleans, La.	June 21	June 18	July 20
Augusta, Ga	Camp Hancock	T. P. Brown & Son, Augusta, Ga.	...do	July 18	July 19
Charlotte, N. C	Camp Greene	Consolidated Engineering Co., Baltimore, Md.	July 12	...do	July 20
Deming, N. Mex	Camp Cody	J. W. Thompson, St. Louis, Mo.	June 11	...do	Do.
Fort Sill, Okla	Camp Doniphan	Seldon-Breck Construction Co.	...do	July 17	July 25
Fort Worth, Tex	Camp Bowie	J. W. Thompson, St. Louis, Mo.	...do	July 18	July 24
Greenville, S. C	Camp Sevier	Gallivan Building Co., Greenville, S. C.	June 21	...do	July 16
Hattiesburg, Miss	Camp Shelby	T. S. Moudy & Co., Chattanooga, Tenn.	July 12	...do	July 21
Houston, Tex	Camp Logan	American Construction Co., Houston, Tex.	June 11	...do	July 2.
Linda Vista, Calif	Camp Kearney	W. E. Hampton & Co., Los Angeles, Calif.	May 24	July 17	July 23
Macon, Ga	Camp Wheeler	W. Z. Williams Co., Macon, Ga.	June 21	July 18	July 18
Montgomery, Ala	Camp Sheridan	A. Blair, Montgomery, Ala	...do	...do	July 20
Palo Alto, Calif	Camp Fremont [1]	Lindgren & Co., San Francisco, Calif.	June 30	July 26	July 24
Spartanburg, S. C	Camp Wadsworth.	Fisk, Carter Construction Co., Greenville, S. C.	June 21	July 17	July 19
Waco, Tex	Camp MacArthur	Fred. A. Jones Construction Co., Dallas, Tex.	June 11	...do	July 20
EMBARKATION CAMPS.					
Newport News, Va	Camp Stuart	Westinghouse, Church, Kerr & Co., New York, N. Y.	Aug. 3	Aug. 16	
Tenafly, N. J	Camp Merritt	McArthur Bros	Aug. 1	Aug. 1	Aug. 18

[1] Camp Fremont temporarily abandoned when construction work was 70 per cent completed (pp. 2289-2290).

Names of contractors and date camp sites were approved, contracts executed, and work started—Continued.

Location.	Name of camp.	Name of contractor and address	Date camp sites were approved.	Date contracts were executed.	Date work was started.
QUARTERMASTER TRAINING CAMPS.					
Black Point, Jacksonville, Fla.	.....	A. Bentley Sons & Co., Toledo, Ohio.	.....	Sept. 25	Oct. 1
MISCELLANEOUS POINTS.					
Repair shop units, Camp Ordway, Washington, D. C.	.....	P. F. Gormley & Co., Washington, D. C.	.....	Sept. 24	Sept. 27

SERIAL 3, PART 31.

(Pp. 2291–2371.)

Hearings held at Washington, D. C., Monday, December 29, 1919.

WILLIAM JAMES SAYWARD, architect, Atlanta, Ga. (pp. 2291–2309):

Architect since 1901; graduate of Massachusetts Institute of Technology. Been with McKim, Mead & White, New York; afterwards Seattle; later Atlanta. Was one of a board of three to make preliminary survey for Camp Gordon. My principal part was the shelter buildings, hospitals, and other buildings. My assistants had to do with the utilities. We received our appointment May 22. Some communication with Washington did not make our duties become operative just at that time, but our report was in on the 31st of May (2291–2–3). The report is printed in the record at pages 2293–2299 and covers the following topics: Location and topography, site, transportation, highway construction (three estimates of cost), highway data, water supply, quality of water, water-supply development, reinforced-concrete water tower, force main, hydraulic machinery, pumping station and filter plant, fire hydrants and valves, distribution system, high-tension lines and transformer station, illumination, telephones, telegraphs, service; sewers—sanitary, lateral sewers, sewer disposal; buildings, drainage, swimming facilities, civilian accommodations, gas plant, supplemental approximate estimate of cost, including engineering and contingent expense.

The typical outline of cantonment was furnished us by the War Department (p. 2299). I would not say that the work was of such character that it would be impossible for the Government to let any other form of contract than the cost plus. I think it might have been let by the lump sum. It could have been done in this way: certain phases of it could have been segregated and let at what you might call unit prices (p. 2300). I think the shelter buildings could have been let at so much per unit. If the Government had a standard type of building that was acceptible, there might have been a lump sum which would have covered a certain definite number of units, so that if they had at least one of the type of the various

kinds of buildings to submit to the contractor, I think it would have been an easy thing to get a bid on those different buildings. I think it could have been arranged so that utilities could have also been bid on at so much per unit in segregated units, leaving the more difficult parts for subsequent study (pp. 2300–2301).

We use almost invariably lump-sum contractors. I think there is no doubt that the lump sum as far superior to the cost-plus method. If it is good for a private individual, I do not see why it is not good for the Government. In broad terms, I would condemn the cost-plus system. To put it in the language, perhaps, of the street, "It simply takes the lid off on all sorts of prices and develops great uncertainty" (p. 2301). I don't see how it is contract if a man is not bound to perform certain duties for a certain sum. It is problematical whether it is a contract or not (p. 2301). I conceived right from the start that the cost plus was a very hazardous system to get tied up with. I think it is responsible, in a measure, for the high prices we have to-day. I think the sooner we get back to the lump sum the sooner things will be stabilized. I know it is demoralizing the labor market in the building industries. So far as the Government is concerned, I would say yes, it is the duty of the people to head off the propaganda you refer to for the cost-plus system.

Oh, yes; I know of a good many who will take the cost-plus contracts as long as they can get it. The reason is, of course, a matter of self-advantage. It solves the matter of uncertainty to them. Of course, it does not solve it to the owner. It seems to be a matter of who shall carry the bag, whether the contractor or the owner. I should say that the idea prompted is to play safe, and to take no chances, and be sure of profits regardless of cost to the owner; that that was the motive behind it (p. 2303). There is much uncertainty to-day, and a man with a small capital does not want to take risks. To take the risk, in my opinion, is one of the chief functions of the contractor. He understands the business, and he is willing to relieve the owner of it for a consideration (p. 2303). It takes the lid off. As soon as the men discovered it was a cost-plus job they would not be nearly so anxious to perform as they would if they thought the contractor was going to stand the loss of their idleness. I am speaking of the effect on everybody. It is no more than human for anybody, contractor or laborer, if he feels that he hasn't some definite thing at stake, to be a little more slack in his movements than he otherwise would be. I believe absolutely that the cost-plus contract has seriously disturbed labor conditions in the United States, referring particularly to the building industry. I think, of course, the war also had its effect, and the drafting of 4,000,000 men, and that production was curtainel in Europe had very much effect (pp. 2303–2304).

As to what extent the adoption of the cost-plus contract during the war contributed to conditions as they exist, I think I am conservative in saying that during the construction of these camps the great majority of construction work was under Government officers and under conditions where the laborers felt there was no lid on; that they could get whatever they might be inclined to go after, and the men actually received a very large increased wage, which they were unwilling to drop when the unusual conditions were over. To that ex-

tent it did have a very profound influence on conditions (p. 2304). I have noticed a little difference in our part of the country in the reduction of labor prices since the war (p. 2305). I have never examined the contract under which Camp Gordon was constructed. I think when it was completed it was supposed to hold 60,000. I am speaking of Atlanta and vicinity (p. 2306). As I look back upon it, prices were certainly stable in contrast to what we have now, in May 1917 (p. 2306).

I felt the lump-sum system was entirely feasible for Government work then, and I have not altered my mind. I have not seen any reason to alter it since (p. 2307). Of course, we know that time was a considerable factor. I believe that progress could have been made just as well if certain items had been proceeded with under the cost-plus system, but the majority of items under the lump-sum or unit plan; I believe that would have been feasible. I don't see any reason for continuing the cost-plus system after the rush work was over. I know there were a good many contractors anxious to get Government work. It was practically the big business of the country at that time. Hiring indiscriminately and in volume can't be anything but demoralizing (pp. 2308–2309).

Capt. ROBERT M. BRAMLITT (pp. 2309–2331):

I have been in the Army 20 years, stationed at different places; enlisted man from 1899 to 1901, then civilian clerk, Quartermaster's Department; afterwards field clerk, called in as reserve captain June 15, 1919. Had various service at Camp Lewis and at Camp Johnston, then Washington, D. C., in construction division, then to Camp Gordon February 9, 1919, and stationed there since (pp. 2309–2310).

I have drawn up contracts for building. At Camp Lewis my duties were supervising property and finance returns, vouchering, etc. Directly responsible to Lieut. Col. Stone, constructing quartermaster. Under him checked property. I regarded the supervision very well done. First thing that struck me about Johnston and Gordon was that we were not receiving as high class of lumber and other items as had been used at Camp Lewis. The lumber was quite knotty and had many splits. I think a better grade of lumber was obtainable in the vicinity of Camp Lewis. There was waste in all camps of this size. Bound to be (pp. 2311–2312).

I personally believe that the fee of $250,000 could have been eliminated by Army officers doing the work (p. 2315). I think the Quartermaster's Department had men of ability, as proven at Camp Lewis. When I went to Johnston Bentley & Sons had about completed their work. They kept an organization there practically six months—general superintendents, superintendents, and foremen; men in charge of transportation. I arrived there about January 1, 1919, and they finally left about June. I don't thing that kind of an organization was necessary on that job at that time, which was largely operating and upkeep of utilities (pp. 2716–2717).

Shortly after I came there was contention between the contractor, Mr. Bentley, and Maj. Wheeler on that point, and I was advised that Mr. Bentley told Maj. Wheeler that he was operating and running that job, and Maj. Wheeler told his operators that they should not interfere with the construction (p. 2317). My first job was to make up the property accounts that had been let go, and, of course,

that neglect meant increased cost to the Government (p. 2317). There were possibilities of discrepancies in property. Reason for neglect: Incompetent field auditors. I don't know who put them on. I assume the chief of construction.

Bentley had about the largest overhead expenses in the way of office overhead I have ever seen in any organization. I don't think it was necessary. Toward the last the matter of dividing the services of this overhead between the pay roll and Camp Johnston was taken up in view of the fact that the work at Camp Johnston was practically nil. All this overhead was paid by the Government (p. 2318), and there was no use for it, in my judgment, during the time I was there (p. 2319). The only conclusion a man could come to is that he had a large number of men on the pay roll of the Government for no purpose, and that is the way I put it when I put it up to Maj. Wheeler, that he had an organization there that was being paid by the Government that should be dispensed with. Maj. Wheeler informed me in turn that he had taken it up with the chief of the Construction Division, and the question at that time was the issue as to whether or not future work would be authorized at Camp Johnston, and on that account Bentley was holding his organization together for the sole purpose of obtaining future contracts. Mr. Bentley was there. He saw and knew it. My recollection is that the fee there just about reached the maximum of $250,000. I left before the final accounts had been completed. There was something doing. It was not a case of doing absolutely nothing. There was some work in operation, maintenance, and upkeep of the camp that had to be carried on, and Maj. Wheeler was having this done through the contract. I repeatedly went to Maj. Wheeler and discussed the question with him (p. 2320). I would be unable to place the responsibility for keeping them there except as I have stated. I was informed that the Bentleys later got a contract for one concrete ship at Jacksonville, under the Shipping Board (p. 2320). When I came there I found a Mr. Hollingsworth on the pay roll at $50 a day, which struck me as being out of the ordinary. Not accustomed to paying such rates at Camp Lewis. At Camp Johnston there were a considerable number drawing $15 and $20 a day. I refused to send his pay roll over for payment and stated my reasons. Later it was decided to refuse his salary, and he also refunded, I believe, $2,500 (p. 2321). I understood this was the result of my objections and insistence. The commissary refused to take my money for meals until I persistently insisted (p. 2321). I found out other officers had been paying their meals regularly. Saddles were bought for officers by the contractor (p. 2323). I had a time getting them onto the property account; $150 apiece. An officer should provide his own saddle (p. 2323).

I had quite a time straightening out the automobile situation. Cars bought by Bentley, and then charged as rental against the Government, were being used by his own men (p. 2326). Cement was unloaded in the rain. Nails were left out uncovered (pp. 2326–2327). It was negligence.

No sensible man in the world would have gone out and unloaded a car of cement in the rain right out in the open. He would rather pay demurrage. My opinion is that the prime object in doing this was to increase the cost as much as possible (p. 2327). Perhaps I

was almost too active for the Government. I had troubles apparently arising from that fact (p. 2327). Had continual trouble getting a hold of the vouchers that I needed to do my work (p. 2328). Employees of mine heard a conversation between Mr. Bentley and Mr. Hollingsworth to the effect that I was getting too bothersome, and Mr. Bentley said he would attend to that when he reached Washington (p. 2329). Came to my notice through various prominent men around the country telling me practically the same thing, that trouble was brewing for me and that they were ready to back me up (pp. 2329–2330).

In November I was transferred to Washington. I had finished the property accounts. The only thing I had not finished and was desirous of finishing and going into thoroughly were some of the cases of irregularity that I have spoken of (p. 2330).

In response to the request by Col. Shelby of the Construction Division desiring the incorporation into the record of complete report of the committee called "Board of Review of the Construction Division, which report contains over 500 pages, the chairman stated as follows:

Mr. McKenzie. Well, Colonel, if you have a copy of that that you can submit to the committee, so that the other members of the committee may have an opportunity of looking it over, I will say to you very frankly a good friend of mine in the Construction Division very kindly handed me a copy of it. I think it was Saturday evening, and he asked me to look it over, and as it is quite a volume I looked over it yesterday and on Saturday evening, and I will say this: That there are some very, very pertinent statements in there that would probably go in as a part of this hearing, but there are scores of pages, in my judgment, that would have nothing whatever in the world to do with the point of the investigation which we are pursuing.

Now, just for illustration, there is a heading, for instance, on water works and sewage, and then on water supplies, and all of those different things that are brought in, and matters about the Council of National Defense; also how the Council of National Defense works, and how the Emergency Committee was organized. Of course, that is all in our hearings now. It has been printed once, and it seems to me that it would be simply burdening the record to propose the republication of all that material.

Another instance would be showing the tables of the costs in the different camps. This last item is of material, and before stating that I would be willing that that entire volume might be printed I would like to have the pleasure of having my colleagues on the committee to inspect the volume and to have their judgment on the matter, not my opinion (p. 2332).

Further relating to witnesses which the Construction Division might desire to call, the chairman stated as follows:

Mr. McKenzie. I want to make a statement to you so that there will be no misunderstanding in the matter. If you or Gen. Marshall, or Col. Cooper, or anyone from your division, desires to make a statement before this committee, or testify in connection with this matter, why, you have that privilege (p. 2334).

Capt. Bramlitt (testimony resumed):

As a general proposition the construction at Camp Gordon was good. It was one post where materials have not been burned; the waste that existed in Gordon is there at the present time with the exception of small quantities that we have used for various purposes of repairs. I don't believe under the conditions the waste was excessive (p. 2335).

A large part of the lumber for the 16 jobs was purchased through Washington. Small quantities at the different camps (p. 2336).

Every man who ate at that mess cost the Government some money. The mess was costing, as near as I recall, about $1.40 and some cents a day, and the men who were eating at that mess were not paying quite that much. Tickets were being sold to the persons who ate at the mess at a given price—$7 for 20 meals, I believe (p. 2336).

I was on the job at Camp Johnson about 10 months (p. 2337).

The influences at work to procure my transfer were not effective (p. 2338).

I first discovered that Hollingsworth, Bentley superintendent, was on the pay roll for $50 a day; in January he was made to refund $2,500 (p. 2339).

Our understanding at Camp Lewis was that $350 per month was the maximum salary fixed by the Government for superintendents on the job (p. 2339).

The reason I brought up the question of the car bought by Bentley and furnished to the constructing quartermaster was the possibility of such action being interpreted as carrying with it some obligation on the part of the constructing quartermaster, who represented the Government and whose duty it was to check up the contractor. The point I wanted to make is that he should be absolutely free from all obligations to the contractor (pp. 2340–2341).

Mr. McCulloch. Just a minute on that. Damage in dollars and cents might, to my view of thinking, be the least consideration in a matter of this kind, and, as I understand it, your reference to that proposition went solely to the question of whether or not, by reason of the contractor furnishing the quartermaster this car, under the circumstances, when the quartermaster could have gotten transportation in another way—whether or not that might not have influenced him or might have been intended to influence him in his general supervision over that camp in the carrying out of his duties?

Capt. Bramlitt. It was not the money value that I had reference to (p. 2342).

Mr. McKenzie. The quartermaster officer could have gone, as you have said, and put in a requisition for a car and the Government would have furnished him with a car?

Col. Shelby. There would have been no method by which that constructing quartermaster could have gotten a car in time for use on that particular contract.

Mr. McKenzie. Colonel, do you think that the representative of the Government, the constructing quartermaster, who is there to see to it that the Government's necessities are looked after, should in the slightest degree be under any obligation to the contractor?

Col. Shelby. Absolutely not.

Mr. McCulloch. Why would you put your constructing quartermaster in a position where he had to go to a contractor to get his transportation? (P. 2342.)

* * * * * * *

Mr. McKenzie. Do you know, of your own knowledge, Captain, whether or not this particular car or the particular saddles that you mentioned in your testimony, were purchased by the contractor at the request of the quartermaster of your camp?

Capt. BRAMLITT. The purchasing of all supplies requires the approval of the purchase order by the constructing quartermaster. But at Camp Johnston supplies were purchased by the contractor, and the purchase orders afterwards approved by the contracting quartermaster or his representative (p. 2343).

Mr. MCKENZIE. The plan of the War Department to safeguard the Government is all right, but in this case it was not followed, if I understand it.

Capt. BRAMLITT. It was not followed (p. 2344).

JAMES NORMAN PEASE (pp. 2344–2361 and 2365–2367):

Was commissioned major, later lieutenant colonel, Quartermaster Corps; commissioned June, 1917. Immediately sent to Camp Gordon. Conferred with the contractors; went to work. The contract was let to Arthur Tufts, in his own name, who almost immediately associated with himself several Atlanta contractors, the Southern Ferro-Concrete Co., R. M. Walker, Adair & Flagler, and Mr. Griffin (p. 2344).

Lockwood & Green were the supervising engineers employed by the Government. I had been employed by them and made the contract with them for the supervising engineering. I remained there until December 5, 1917, until the first contract was about completed. I was recommended for a commission by Mr. Barnwell, of Lockwood, Green & Co. Had been with them about three years, and as constructing quartermaster at that time I supervised the work done by my former employers (pp. 2345–2346).

In the report which I made on the construction of Camp Gordon, I wrote the introduction and called on the different department heads to write the description of the work over which they had supervision regardless of whether they represented the contractor or not; that made no difference to me. The work on the engineering was written by Mr. J. C. Wardlaw, chief engineer of Lockwood, Green & Co., which concern received approximately $50,000 fees. Mr. E. K. Large, an engineer employed by Lockwood, Green & Co., wrote the report on the water supply. Mr. W. O. Crossman, road engineer for Lockwood, Green & Co., wrote the report on the sewerage system. The road report was written by a Government engineer. H. J. C. Peterson, electrical engineer for Lockwood, Green & Co., wrote the report on the electrical work. C. B. Smith, an architect employed by Lockwood, Green & Co., wrote the report on the buildings. F. W. Frye is an engineer with Lockwood, Green & Co., who wrote the report on the heating system for the base hospital. O. F. Coffin, employed by Lockwood, Green & Co., wrote a supplemental report on Camp Gordon (pp. 2348, 2349).

As constructing quartermaster I had direct supervision of the construction of the camp as the representative of the Government. When I came to Washington, Col. Whitson told me, "We are thinking of sending you to American Lake, Seattle, Wash." I told him I was perfectly willing to go, but I had never done work in that country, that "I am not familiar with contractors," or conditions there. I told him I would rather go to Atlanta, the only southern camp for which a constructing quartermaster has not been designated. I

was asked how I was going to handle my engineering, and I told them if it met with their approval I was going to employ Lockwood, Green & Co. to do it, because I said they had an organization ready to put on the job in a minute's notice, and they approved that (p. 2350).

I did not feel any embarrassment about supervising the work of former employers as representative of the Government. I have returned to their service now (p. 2351).

I knew questions would be asked, but it did not bother me. I did not have the slightest hesitancy. The criticism was made during the work by Capt. Waggoner, who told the foreman on the job that he did not think it looked well. I called Capt. Waggoner in and told him the whole story, and Capt. Waggoner is one of my best friends (pp. 2351-2352).

I think it is good business, assuming everybody is honest.

Mr. McCulloch. How did these officers at Washington who permitted this arrangement to be entered into with the knowledge of your former employment and that the supervision that you would have to carry on for the Government as its representatives—how would they know that you would not be influenced in the slightest?

Mr. Pease. They did not know it.

Mr. McCulloch. Then, not knowing, do you think it was good business on their part to send you down there?

Mr. Pease. I think that when you employ any man to expend a sum running into millions you are going to take a chance, and I believe that these men who made the selection of constructing quartermaster, having intrusted them with the expenditure of millions of the Government's funds, believed that they would carry out to the best interests of the Government the commission which was intrusted to them (p. 2352).

Supervision was had because the Government required it and wanted to know that it was taking every precaution possible as a safeguard. That is why it had a quartermaster and that is why the Government went to that expense (p. 2353).

The organization of a force at Camp Gordon was begun about June 22, and I left December 5. It was about completed. The camp comprised about 2,300 acres, approximately 1,200 buildings, and housed approximately 40,000 men, with complete equipment of horses, etc. (p. 2354).

The plans had to be adapted to the topography and engineering, and the contractors were continually running a race as to who should get out of each others way. I have never heard any complaints that the work was not performed expeditiously. Based on my experience I could say that the time was remarkable (p. 2354).

Contracts are now being let generally on a cost-plus basis (p. 2355).

They embody a great many paragraphs from the Government contract. There is competition in the amount of fee now. Nothing in the contracts in the way of bonus for completing it within a certain time. As to the Government work, I think in this case, in all the contracts, I know, specifically, at Camp Gordon—I would say first that I believe that no contractor could possibly have taken the contract on a lump-sum bid with the information in hand. It would have been impossible for this reason: While we had a typical layout, as we understand a typical Army layout is made on the basis of what

might be termed a plain table, or just a flat table. They sketch out the buildings and put them in a perfect horseshoe, or say, that [indicating]. There is the quartermaster; here, all the Signal and Artillery layout, and they say: "We want you men to fit that to the ground as nearly as possible to conform to this ideal layout" (p. 2357).

* * * * * * *

Mr. PEASE. Yes; in fact, I have given it considerable thought during the last two years. This contract has been discussed by members of the Construction Division, and it has been discussed by us and in our engineering projects. We have all discussed this contract, and if saving the Government meant safeguarding the Government, I contend this is best for the Government. If keeping workmen from being extravagant, I say there is nobody who can do that except the foreman who is right over them. The amount of money does not make any difference. I say that a contractor who is working for the interest of his client is just as anxious to perform a contract under cost-plus as well as under any other plan.

Mr. MCKENZIE. I understood you to say that you had certain safeguards in the contract which you are using now; the cost-plus contracts (p. 2358).

We had a safeguard by which we paid the contractor for saving running from 15 to 25 per cent (p. 2359).

I had some trouble with the plumbers and electricians. The plumbers, on the other hand, did not give us what we considered a day's work. It was simply a question of taking 50 per cent efficiency or nothing at all, and the organizers would get them on the train and take them to some other camp or place, and we, consequently, would be without any at all or would have to take this 50 per cent efficiency.

Mr. MCKENZIE. That was your orders to them, or was it their ultimatum to you?

Mr. PEASE. It was their ultimatum to me, by them.

Mr. MCKENZIE. By whom; by the unions?

Mr. PEASE. By the foremen. I would talk to the foreman (p. 2365).

I talked with the foreman and he threw up his hands and said: "I do not know what we can do. We are working these plumbers just as much as they will work, but they are not giving 50 per cent efficiency." I think it was universal. You can take any plumber foreman on the job and he will tell you the same thing (p. 2366).

Capt. HEBRERT F. TEATE (pp. 2361–2365):

Am an Infantry officer. First sent to Camp Gordon August 29, 1917. Been there practically ever since. There was a large pile of what you term scrap lumber when the camp was being built, which was a tremendous pile of lumber at the time, but it eventually disappeared. I think it was all eventually used about camp for coal boxes, wood boxes, etc. (p. 2361).

The workmen as a whole were exceptionally good, in my opinion, under that kind of a contract. That contract on a large job of that kind, it appears to me, induces men to loaf. It is such a big propo-

sition that it is hard to keep them from it. The natural inclination of a man is to loaf, but the working gang, as a rule, were good, with the exception of some few that I had noticed and came in contact with—and I am referring particularly to the plumbers and the electricians—and we were badly in need of water connections and light; and it was so noticeable the way these fellows loafed, not putting up the work and we in need of them at the time. That is one thing I know of (p. 2362).

We were compelled to use latrines dug in the ground, insanitary, up until Christmas, on account of the plumbers not getting in the water connections (p. 2362).

Most of the concrete floors in the latrines were not sloped toward the drains, but away. That would let water go in and freeze (p. 2362).

Capt. TEATE. Well, Camp Gordon is not a perfect terrain, in my judgment. There is too much waste space. We call it dead ground. It can not be utilized either for building purposes or anything else, but as far as the vicinity near Atlanta, I do not know of any other place that is any better.

Mr. MCKENZIE. Now, of course, you understand, Captain, as we all do, that these camps were established originally for the purpose of training our boys as soldiers. Now, in this camp—I have never been in the camp, but I would like to know whether, in your judgment, there were the proper facilities and training grounds for training an army of the size that was mobilized at that place?

Capt. TEATE. There was not proper training space.

Mr. MCKENZIE. The grounds were not sufficient?

Capt. TEATE. No, sir.

Mr. MCKENZIE. They were not large enough to give you the advantage of good training?

Capt. TEATE. No, sir. The ground originally was divided into drilling areas when the Eighty-second Division was there. Each regiment was allotted its area, and ordinarily a battalion of that war strength should have had a larger area than that allotted to a regiment, which made it very difficult even for close-order drilling; but some of the regiments were left out and did not have any drill grounds in the inside of what we call the camp area. My regiment in particular had to march 3 miles to its drill ground. This forced us to eat our meals on the training ground, which was a very bad feature, especially in the wintertime, eating dinner on the drilling grounds (p. 2363).

As to the carpenters, they seemed to have a system of gang bosses that caused those fellows to jump, and it was surprising the way they would run up a building: it was so much in contrast with the work of the others (p. 2365).

HARDY PADGET (pp. 2366–2370).

I live in Atlanta. In the road-paving business. I know Markle; nothing personal about their reputation, but in general about Atlanta they are looked upon as the black sheep.

The witness recited his efforts to obtain contracts and the necessity of associating himself with certain others in order to procure the contracts. Indicates apparent selection by favoritism rather than by impartial method.

Witness says he watched the construction at Camp Gordon. They got men from the country that could use a hammer and a saw. It did not need practical men to nail on weather boarding. "No doubt some of them had hookworm and others you couldn't get them out of it if you put dynamite under them" (p. 2370).

F. B. WHEATON:

Previously sworn. Acting officer in charge of Engineering Division, Construction Division of the Army. Submits letter estimating the cost of southern construction at 6 per cent less than northern, including in this estimate all utilities and all of the various buildings of an entire camp (p. 2371).

TH. L. LEON DE TISSANDIER, engineer, Rockford, Ill.:

Submits letter giving the estimated cost of the temporary foot bridge over Rock River constructed by Bates & Rogers not included in the estimate of J. P. O'Connor, as $15,000 (p. 2371).

EXHIBIT 1002.

[Extract from memorandum of the Construction Division, dated Aug. 17, 1918.]

GENERAL ORGANIZATION—CONSTRUCTION DIVISION OF THE ARMY.

(1) In May, 1917, the Cantonment Division was established, and October 5, 1917, the Secretary of War directed that all building and construction in the present emergency be executed by this division.

(2) On February 19, 1918, the Cantonment Division was directed to report to the Office of the Chief of Staff and on March 13, 1918, was made the Construction Division of the Army.

(3) Under date of April 10, 1918, it was ordered that all plans, specifications, and estimates for construction work be prepared by or under the supervision of the Construction Division upon general requirements given in advance by the bureau involved, and, further, that all engineering services and services of contractors in connection therewith were to be obtained by the Construction Division.

(4) On June 21, 1918, the Construction Division was directed, in addition, also to maintain, as a live and up-to-date record, an approved construction program not only of projects undertaken by it, but also projects incidental to other contracts undertaken by a contractor of one of the other bureaus of the War Department (pp. 2371–2372).

J. W. WRIGHT:

Contractor who built buildings under lump-sum contract at Fort Leavenworth, beginning August, 1917, referred to by Col. Warfield, states delivered price of No. 1 yellow pine at that time under which he bid on such construction to be $28 to $33, ordinary dimension and surfaced two sides (p. 2372).

That No. 8 dimension would have been $2.50 per thousand less. Average for all lumber difference between Nos. 1 and 2, about $3.50 per thousand feet. Average freight rate from southern points to Leavenworth about $7.50 per thousand feet (p. 2372).

SERIAL 3, PART 32.

(Pp. 2373–2538.)

Hearings held at Washington, D. C., December 31, 1919.

Mr. Doremus, of the committee, made a formal offer to have incorporated in the record the report of the board of review of construction, dated September 8, 1919.

Mr. McKenzie. I think it is proper for me to say for the benefit of the record that my colleague, Mr. Doremus, has a perfect right to offer this document as evidence to be included as a part of the hearings of this committee; but as chairman of the committee, having examined this particular report at some length, I am fully persuaded that there are hundreds of pages contained in this report that are absolutely irrelevant to the matter under investigation by Subcommittee No. 2, and that it would be an imposition on this committee to have charged to its printing account the printing of this vast volume, which contains considerable matter pertinent to the matter under investigation, but the great bulk per tains more particularly to the inspection, the organization, and various evolutions of the Construction Division of our Military Establishment, including a personal history of the various officers of this division, and showing the personnel of the division after the various reorganizations and is replete with arguments for the continuation of the Construction Division as a separate organization in our present peace-time Military Establishment, all of which is perfectly proper if printed as an independent report, but to print it as evidence, assuming that it is relative to the question of expenditure of money in the construction of cantonments or camps, is far-fetched, in the judgment of myself as chairman of this committee. I will say, however, that I have suggested to members of the Construction Division, if they will take from this large volume the portions of the report relevant or pertinent to the matter under investigation, the chairman will have no objection to its being included as a part of the hearings, but I do feel that it would be an imposition on the committee to include this large volume, which contains many pages and which would be very expensive to print, and have it charged up to Subcommittee No. 2.

As a matter of history, I think it would be well for the War Department to have it printed as a document, and I would have no objection to that on the floor of the House if anybody should ask to have it so printed; but having in mind the record of our committee and feeling that it is my duty to guard against expenditure of money, so far as possible, and cut out everything that is not pertinent, I certainly must object to the including of the entire report (pp.2373–2374).

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Mr. Doremus. I do insist that everything in this report that bears on the operation of the Construction Division during the war emergency ought to be incorporated in the testimony (pp. 2374–2375).

* * * * * * *

Mr. McKenzie. Now, if my colleague will permit me to interject right there, I am objecting to this report going in as a whole on account of irrelevancy of much of the material to our investigation. In other words, I am not in favor of loading up our records with a lot of stuff that is not material or pertinent to the investigation. And I will say further that if we are going to accept this report, notwithstanding the names of the gentlemen composing this board, and those names you have already asked to be inserted in the record, I think it would be very proper for the members of this committee to put witnesses on the stand to find out who wrote this report and

the men responsible for the various chapters written in this report (p. 2375).

L. B. WEHLE (pp. 2376–2385):

I identify Exhibit 11 L. B. W. as being a draft of contract which was prepared either by me or under my direction by two assistants some time in the summer of 1917 (p. 2376).

The draft is a contract for emergency work following the general lines of the emergency construction contracts used in the construction of cantonments, but containing certain provisions not incorporated in such contracts, among them as follows:

At the completion of the work, the constructing officer may at his option purchase for the United States any part of such construction plant then owned by the contractor by paying to the contractor the difference between the valuation of such part or parts and the total rentals theretofore paid therefor (p. 2378).

* * * * * * *

ARTICLE IV.

Estimated cost.—(*a*) The normal cost of the work to be done under the specifications under Article I (*a*) is $———.

(*b*) The normal cost shall be increased or decreased for all work done by the contractor by order of the contracting officer in addition to the work done under Article I (1) herein, whether due to changes in design or due to the necessity for reconstructing or replacing work destroyed or damaged without the fault of the contractor. The contracting officer shall determine before the work on such additions, changes, or alterations is begun the sum by which the normal cost shall be increased or decreased on account of the cost of such additions, changes, or alterations.

(*c*) The estimated time for the completion of this contract is ——— working-days from this date. Such estimated time, however, shall be increased or decreased for all work done by the contractor of the character described in Article IV (*b*). The contracting officer shall at the time of his ordering of such changes or alterations in the work determine the number of working-days by which the estimated time shall be increased or decreased on account of the time consumed by such work: *Provided, however*, That the estimated time shall be so revised by the contracting officer on account of time consumed in work of reconstructing and replacing any of the work destroyed or damaged without fault of the contractor or on account of time lost by the contractor through strikes, lockouts, or other such causes beyond his control (pp. 2379–2380).

* * * * * * *

ARTICLE V.

Profits and fees.—(*a*) As full compensation for services of the contractor, including profit and overhead expense, except as herein specifically provided, the contracting officer shall, in the event that the work under this contract is completed to the satisfaction of the contracting officer, pay to the contractor, in the manner hereinafter described, the sum of $———, hereinafter referred to as the "profit" (p. 2380).

* * * * * * *

Bonuses.—* * *. (*b*) In addition to any or all profits and fees provided in Article V hereof, if the contractor shall complete any and all work required by the contracting officer under this contract to the satisfaction of the contracting officer in less than the estimated time for the completion of this contract as increased or diminished as provided in Article IV (*c*), he shall receive the sum of $——— for every working-day by which said estimated time is diminished (p. 2380).

I identify Exhibit 12 L. B. W. as a carbon copy of a letter from Mr. Tuttle to me. This exhibit is in response to Mr. Wehle's submis-

sion of the draft foregoing and among its provisions are the following (p. 2384):

I believe that from now on most of the Government's building operations will be of an emergency sort, in which time is the essence of the contract. I believe that quality is the second consideration and that cost takes the third place. Where lives are involved cost may well become a very trivial consideration.

I have thought a great deal about the best methods of contracting these operations, and have come to the conclusion that the best possible method for obtaining building and engineering works which are vital for carrying on war is the method which leaves but one decision to be made by the officer contracting for the work, namely, the consideration of what firm or which engineer is the very best available for this particular job. Any details which cloud this consideration seem to me dangerous (p. 2384).

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I think you will see the ramifications of this theory. I do not know of any way except a specified percentage which will leave the contracting officer free to determine the award of contracts solely on the basis of merit (p. 2384).

I believe that the obtaining of the best concerns under the conditions with which we are working so vital that I should look a long time at any proposition which tended in the slightest way to prevent their selection, and I believe that the abandonment of the percentage contract would tend seriously to hamper the contract officers in their selection.

Very truly, yours,

M. C. TUTTLE.

(P. 2385.)

Col. CLARENCE O. SHERRILL, Corps of Engineers, United States Army (pp. 2385–2422):

Am a colonel of Engineers; been in the military service approximately 22 years; West Point man; 18 years in the Corps of Engineers. Regular rank, major (p. 2385).

Mr. McCULLOCH. What has been the nature of your work in connection with the Engineering Department?

Col. SHERRILL. It has consisted of various kinds of engineering work, both civil and military, including construction of roads, railroads, fortifications, river and harbor works, and the supervision of various kinds of floating devices, such as barges and dredges and earth-handling devices and things that generally come in the line of an engineer, in addition to my strictly military work (p. 2386).

Have had experience in surveying, not with construction in connection with buildings at camps. My study has had to do with that in connection with other general duties in my profession. I have written two or three books that are used as textbooks in the Regular Army, National Guard, and Marine Corps; "Military Map Reading," "Military Rapid Reconnaissance Sketching," and "Military Surveying," are regarded as authority (p. 2386).

Mr. McCULLOCH. Colonel, I have been very much interested in the progress of this testimony in determining in my own mind whether or not the Government did have prior to the war and when the emergency came on a real effective Engineering Department. We have spent a great deal of money in the way of appropriations trying to develop such a department, and I have been interested in knowing whether or not we did have an effective and intelligent Engineering Department at the time the war started, and prior thereto, and I am also interested in the personnel of that department at that time. I wish you would give the committee briefly

some facts upon that subject, giving us the names of the men who were in the department at the beginning of the war, and whether or not in your opinion the Government did have an efficient Engineering Department at the outbreak of the war?

Col. SHERRILL. Yes, sir; the Government did have such a department, efficient and well-organized for engineering work.

Mr. McCULLOCH. I wish you would name some of the men in the department that stand out as men of ability.

Col. SHERRILL. At that time I would name among the most capable Gen. Black—Gen. W. M. Black—as one of the most capable. Another was Gen. Edgar Jadwin, who later made a success of the construction work in France. Gen. William C. Langfitt, and Gen. C. A. F. Flagler, and many others.

Mr. McCULLOCH. Were those men that you have mentioned men of national reputations in the engineering field?

Col. SHERRILL. Yes, sir.

Mr. McCULLOCH. You say there were many others; I wish you would give the committee just a general statement as to the number of men—the younger ones as well as the older ones in that department; I would like to get an idea of the scope of that department; was it large or was it small?

Col. SHERRILL. It was—I should say—it would be classed as relatively large.

Mr. McCULLOCH. By "relatively" what do you mean?

Col. SHERRILL. Well, as compared with engineering organizations in general.

Mr. McCULLOCH. Do you mean private organizations or public?

Col. SHERRILL. Private and public, and other Governments. This organization comprises not only capable engineer officers, but a large number of qualified civilian engineers in every grade, from foremen up to engineers.

Mr. McCULLOCH. You mean they were employed as civilians?

Col. SHERRILL. They were employed and belonged to the organization as an integral part of it.

Mr. McCULLOCH. Were they men of such ability as to compare, in your judgment, with engineers in such similar departments in other Governments and in private organizations?

Col. SHERRILL. Yes, sir.

Mr. McCULLOCH. Were you in position to have practically your pick of engineers in this department throughout the country during the emergency, or times prior to the emergency?

Col. SHERRILL. Yes, sir; we did have the pick of all the engineers in the country, I should say.

Mr. McCULLOCH. So that you had the power to develop a great engineering organization?

Col. SHERRILL. Yes, sir.

Mr. McCULLOCH. Both just prior to the emergency and during the emergency; is that correct?

Col. SHERRILL. Yes, sir.

Mr. McCULLOCH. State whether or not you did so develop such an organization.

Col. SHERRILL. The Corps of Engineers did develop such an organization (p. 2387–2388).

* * * * * * *

Mr. McCulloch. What do you say in regard to the ability of the men who were officers in the personnel, other than those you have named, as to being capable engineers; that is, the younger men who had not reached the rank of generals you have mentioned; what was their ability?

Col. Sherrill. I consider that the average of ability in the organization at the outbreak of the war was high throughout. Of course, there are certain exceptions—a very few men who were not satisfactory, as there always will be, but the general type of officer and engineer employed in the Engineering Department is high and always has been high.

Mr. McCulloch. Now, would you say that that was true, that their ability was high, and that was true both as to their technical knowledge and their practical ability?

Col. Sherrill. I do.

Mr. McCulloch. It would apply to both?

Col. Sherrill. It does (p. 2388).

* * * * * * *

Mr. McCulloch. You have mentioned that the representatives of your department carried on efficient construction abroad; what did that consist of?

Col. Sherrill. That consisted of the necessary shelter, utilities, and facilities for caring for the troops sent by the United States to France of every nature.

Mr. McCulloch. Camps, utilities in camps——

Col. Sherrill (interposing). Camps, utilities, docks, warehouses, wharves, railroads, and in fact everything from the most advanced line—from dugouts to the most stable construction back at the ports.

Mr. McCulloch. Now, tell the committee how that construction work abroad was carried on, and under whom?

Col. Sherrill. That work was carried on by every facility that the locality afforded; every method was used; a certain amount was done by contract; a large amount was done by what we called hired labor.

Mr. McCulloch. Under whose direction?

Col. Sherrill. All of it was done under the direction of the engineers—the Engineering Department. A still larger part was carried on by the troops under the direction of this same department. The construction in the services of supply was carried on under the immediate direction of the section on construction and forestry, which was a section in the Engineering Department of the American Expeditionary Forces.

Mr. McCulloch. You say some was done by the troops?

Col. Sherrill. Yes, sir.

Mr. McCulloch. Men in the service drawing the stipulated sum of $30 a month?

Col. Sherrill. Yes, sir.

Mr. McCulloch. But that the supervision, as I understand it, was under the direction of the Engineer Department?

Col. Sherrill. Yes, sir.

Mr. McCulloch. State whether or not that work was carried on efficiently, rapidly, and successfully?

Col. Sherrill. It was carried on efficiently, rapidly, and remarkably successfully under the conditions that existed.

Mr. McCulloch. Colonel, recognizing the emergency, the necessity for quick action in order that the troops might be sheltered, and that we might get our men trained promptly, quickly, and efficiently, what do you say as to whether or not your men had the organization and personnel to carry on that work of construction with the least delay, and whether or not you demonstrated that in your work abroad?

Col. Sherrill. We had the preliminary organization and could have carried it on effectively with no dislocation whatever in our operations, and this was fully demonstrated by the work later done in France, where the difficulties were much greater than those in the United States.

Mr. McCulloch. Colonel, it has been stated here time and time again in the testimony of witnesses who appeared that because of the necessity for prompt action; because delays would be dangerous, that it was not practical to have work of constructing camps and the laying out of utilities and making surveys and doing all these things necessary to have our soldiers quickly sheltered and encamped in a way where they could be quickly trained—that because of the necessity for prompt action, the necessity of having the Army—the Engineer's organization—go about the construction of this work would not be practical and that it was necessary to reach out and follow out the cost-plus system and another system, rather than having the Army engineers go on the job and with their organization build these shelters and get grounds ready. What do you say as to whether or not the Government was equipped with an organization at that time that had the men who had the ability and the training to do this work quickly and efficiently? I wish you would tell us your views in the light of your 22 years' experience in the Engineering Department, and in the light of your experience in this emergency.

Col. Sherrill. I do not agree with that conclusion, that the Engineer Department was not so organized as to be able to have effectively and promptly carried out the necessary construction at the outbreak of the war. In fact, the Engineer Department was and is organized so that with no difficulty whatever it could have so allocated this construction work among the then existing construction districts as to have accomplished it in a very brief time, economically and efficiently.

The Engineer Department has approximately 35 engineering districts located throughout the country for civil work and for the construction of military work. Some of those districts carry on both civil and military construction, as, for instance, the district at Norfolk carries on all fortifications works in that district, and carries on all works necessary for the development and upkeep of the river and harbors improvements. To any one of those districts there could have been assigned the construction of one, two, or three cantonments and it could have been done as a part of their routine, just as the other work was done, without any interruption whatever. For instance, the officer who was in charge of the Wheeling district at the outbreak of the war told me this morning, in speaking of the matter, that he could have handled the two camps, the one at Chillicothe and the other one in that section, with his organization, without the slightest difficutly whatever.

Mr. McCulloch. Was he called upon to do so?

Col. Sherrill. He was not.

Mr. McCulloch. Can you give any other instances, Colonel, where, in your judgment or in the judgment of men in your department, this work could have been carried on; or does your statement contemplate that that situation applied all over the country?

Col. Sherrill. All over the country.

Mr. McCulloch. And that you did have in all these various districts organizations already organized that could have carried on this work promptly, economically, and without delay; is that right?

Col. Sherrill. That is correct.

Mr. McCulloch. Now, as I understand it, from your testimony, the department having an organization distributed over the United States in districts and having been carrying on work—that is, construction work—that your department, by reason of that organization and that experience was made familiar with labor conditions and the material markets all over the United States; is that correct?

Col. Sherrill. That is correct.

Mr. McCulloch. State whether or not you would have, or did have, in these various subdivisions, information as to the material markets, the material that would be available, and the labor conditions.

Col. Sherrill. The full information is constantly on hand in every district relating to the local markets for engineering materials, labor, and supplies.

Mr. McCulloch. What do you mean by engineering materials?

Col. Sherrill. Necessary supplies, equipment, and other facilities for engineering structures of every kind, because in the administration of our routine work we are called upon to build all types of structures—buildings, subaqueous structures, structures using stone, wood, or concrete, and everything that comes in the line of an engineer's duties (pp. 2389–2391).

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Mr. McCulloch. I wish you would tell the committee how would your organization, had they been called upon to build that camp at Camp Sherman, how would you have proceeded?

Col. Sherrill. The Chief of Engineers would have notified the district officer at Wheeling that he was put in charge of building two cantonments, giving him the location and such information as was available. He would have outlined to that officer the general methods that he should follow. He undoubtedly would have informed the district officer of the different types of works to be constructed, the time at which those works must be completed, and he would have asked the district officer to at once make an investigation and report on the best methods to pursue in accomplishing that result. The district officer, I have no doubt, would have investigated the labor conditions in the vicinity of those camps and material markets and would have made up his mind what methods he should follow.

It happens that in this particular case, Wheeling, the district officer told me that he would have followed the day-labor method and would have had no difficulty whatever; that is, he would have sent out from his organization a small group of engineers and surveyors who are normally in the employ of the districts, and by the addition of such labor, technical and nontechnical men, as were needed he would have supplemented that and started on a survey of the site while

the types and plans were being prepared in Washington and forwarded to that office giving the information. In the meantime he would have placed orders; as soon as he was given the character of construction he could have placed orders for the materials, so it could have been on the ground promptly. And by working immediately on such portions of the work as could be started he would have been in good shape to erect the buildings and other structures when plans were completed. His first work, as I said, would have been probably to make a survey, and then lead out and construct his roads and railroad connections and yards, so that the remainder of his construction would have had the advantage of those utilities and thereby be rushed and be produced much more cheaply than otherwise. I see no reason why there should be delay in starting work at once.

Mr. McCulloch. You had the organization; is that correct?

Col. Sherrill. Yes, sir.

Mr. McCulloch. You had the information as to conditions?

Col. Sherrill. Yes, sir.

Mr. McCulloch. In these particular districts?

Col. Sherrill. Yes, sir.

Mr. McCulloch. And you had the engineers capable of supervising the work; is that true?

Col. Sherrill. Yes, sir; I should limit that by saying, by the necessary expansion as the work developed.

Mr. McCulloch. Well, that is alwas true in every organization?

Col. Sherrill. Yes, sir; we do that in every job; we expand on it as it develops and draw in on it as the work lets down; it is a perfectly normal arrangement in every work.

Mr. McCulloch. You say that these camps, these buildings and shelters could have been built economically. What do you mean by that?

Col. Sherrill. I mean there would have been no waste of Government money; that every dollar the Government appropriated would have gone into useful construction at the lowest practical prices.

Mr. McCulloch. You say that it could have been done promptly and without delay?

Col. Sherrill. I do.

Mr. McCulloch. Will you elaborate on that—how you would have been able to have accomplished the work promptly and without relay?

Col. Sherrill. One of the greatest causes of delay in undertaking a large piece of work is due to a lack of organization with which to start the work and get it going; therefore the engineers were in position to have eliminated that large element of delay, because the organization was ready-made to initiate work without any delay, and they could have taken it up step by step as the plans allowed the work to be pushed, so I do not believe there would have been any unnecessary delay. In other words, if the work had been properly prosecuted, as I believe we could have prosecuted it, the district engineers would have had their plans so made that each piece of work would have fitted into the other, and although there may have been some delay in some portions of it, such as, for instance, the type plans, they would have been in such shape that when the type plans came along they could have been put up like that [witness snaps his fingers].

Mr. McCulloch. You give me more respect for my country when you talk like that. It has been advanced before this committee that when this war came on we were absolutely without any organization to do this work; we had to call in contractors' organizations; that because of a lack of engineering facilities and plans we were delayed and had to bring in a number of men here, and a committee made up of civilians outside to do this work—contractors; now, as I understand you, the Government did have the organization and did have the facilities to do this work itself, promptly, efficiently, and without delay; is that true?

Col. Sherrill. That is correct. I do not wish to say that the Engineering Department would not have used contractors, because in our normal operation we use contractors probably more, or at least as much as any other governmental agency; we use contractors very advantageously; but we would not have turned over the construction of this work to an outside organization; it would not have been necessary.

Mr. McCulloch. You had the organization?

Col. Sherrill. We had the organization (pp. 2391–2393).

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Mr. McCulloch. Well, your department was not called upon to do it?

Col. Sherrill. It was not.

Mr. McCulloch. In the United States at that time?

Col. Sherrill. It was not (p. 2393).

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Col. Sherrill. The quickest method, I should say, of getting the work started, in view of the uncertainty of the scope and type of the work to be done, would have been to use the hired-labor method that I spoke of a moment ago; that is, in getting it started.

Mr. McCulloch. What do you mean by "hired labor"?

Col. Sherrill. That is, our engineering forces, our nucleus, would have gone on the ground and brought in the necessary labor, paying them so much per diem or per month, under the engineering forces; that is the method we call the hired labor. That is one I have used largely on the Mississippi River, where I had constantly from 5,000 to 10,000 laborers working, depending on the work to be done. It is a very useful method where the type and scope of the work to be done is not determined. As soon as the preliminaries on the camps had been accomplished, there would have been many cases where you could have called in contractors and indicated the character of the construction and the types of buildings and within a reasonable percentage the amounts or bids could have been secured.

One of the most natural methods would have been to state, if a cantonment was to have a thousand buildings of such a general type and character of construction, to have asked the contractors to have bid on those buildings at so much lumber in place per thousand feet; there you would have had competition on a very equitable basis. There might have been cases where it would have been possible to have awarded a lump-sum bid, for so many buildings, so many hundreds of thousands of dollars, and so on, the contractors again having an opportunity to bid competitively. There might have been other cases where it would have been desirable to have contractors to do the work on an actual cost-plus percentage.

Mr. McCULLOCH. Give us an instance as to what conditions might arise that would make that kind of contract desirable.

Col. SHERRILL. If the character of the work to be done were extremely unusual and the officer directing the work himself was not at all informed as to the scope or character of the work—if it was new work, of an entirely new and unusual type of work and the difficulties could not be foreseen in any way—that might possibly have been done; but in a cantonment construction where the type of construction was so simple I can not think just now of any occasion for that method of work, though there may have been cases where it was desirable. For instance, there was one case where it might possibly have been used, that would have been in connection with, possibly, the facilities connected with the sewer system; there might be contingencies there that it would be hard to have contractors bid on them. But preferably to the cost-plus system it would have been better to build it under hired labor.

Mr. McCULLOCH. Under the direction of the Government engineers?

Col. SHERRILL. Under the direction of the Government engineers, but there would be cases, perhaps, where the cost-plus system would be the best.

Mr. McCULLOCH. But it would be where the conditions would be such as you have detailed?

Col. SHERRILL. Yes, sir.

Mr. McCULLOCH. What do you say as to whether or not it would have been advantageous—whether or not you would have recommended the cost-plus system in the building of shelters, such as were built in cantonments; simple shelters; do you think that would have been wise?

Col. SHERRILL. I don't think that would have been necessary or desirable.

Mr. McCULLOCH. Why do you say it was not desirable?

Col. SHERRILL. Because any cost-plus system, no matter how many safeguards you throw around it, is a dangerous one for the Government to use, and opens the door to both inefficiency and fraud, and, therefore, should be only used with the greatest care, and should be only used when absolutely essential and in connection with contractors of the highest repute and absolute undoubted integrity.

Mr. McCULLOCH. With the knowledge you have of this situation and the emergency and the nature of the shelters it was necessary to build, and bearing in mind the necessity for prompt action, what do you say as to whether or not the use of the cost-plus system would be advisable?

Col. SHERRILL. I consider it was not advisable.

Mr. McCULLOCH. Or necessary?

Col. SHERRILL. Or necessary. I would like to modify that to this extent: I am not familiar with the organization that handled this construction, and under their organization they may not have had the necessary facilities for executing this work on any other basis; but I am assuming that under the engineering department it would not have been necessary.

Mr. McCULLOCH. Well, you did have the organization necessary?

Col. SHERRILL. Yes, sir.

Mr. McCulloch. And you did have the organization available during the emergency?

Col. Sherrill. We were available, but it was not our duty and we were not called upon to do it.

Mr. McCulloch. I say, you were available?

Col. Sherrill. Yes, sir.

Mr. McCulloch. But you were not called upon?

Col. Sherrill. No, sir.

Mr. McCulloch. You heard Gen. Black say that he had a conference with Gen. Sharpe on this proposition, did you not?

Col. Sherrill. Yes, sir.

Mr. McCulloch. Looking to this very proposition?

Col. Sherrill. Yes, sir.

Mr. McCulloch. And that the information was conveyed to those in authority that you had the facilities to go ahead with this work?

Col. Sherrill. That, I believe, was reported by the Chief of Engineers.

Mr. McCulloch. And you were ready to do it?

Col. Sherrill. Yes, sir.

Mr. McCulloch. But, in fact, you were not called upon to do it?

Col. Sherrill. No, sir.

Mr. McCulloch. What do you say, Colonel, as to whether or not under the day-labor system, when you had this large number of employees, working by the day under you on the Mississippi River project, or any other project that came under your supervision, whether or not you were able to get a day's work out of your labor for the amount paid?

Col. Sherrill. There was never any question about that.

Mr. McCulloch. Did you get it?

Col. Sherrill. We did get absolutely an honest day's work for a day's pay, I am sure.

Mr. McCulloch. And the Government got value received for what it spent?

Col. Sherrill. Yes, sir.

Mr. McCulloch. For labor?

Col. Sherrill. Yes, sir.

Mr. McCulloch. Have you made estimates of work of this nature of more complicated construction prior to the work, and have you been able, in carrying on the work, to keep within those estimates within reasonable bounds, time and again?

Col. Sherrill. Oh, yes; we do that constantly. But I would like to say that engineers, no matter how carefully they may make their estimates, often find that it is necessary to vary considerably from them, due partly to incomplete data at the time the estimate is made, and due to change during the course of the work; but aside from those variations the cost usually runs within the estimates. It is quite as much an objection to estimate excessively so that you can show a saving on engineering work as it is to estimate too low.

Mr. McCulloch. Well, your estimates, you attempt to make them as accurately as possible?

Col. Sherrill. Yes; for our own action we try to be honest in our estimates and try to make them correctly.

Mr. McCulloch. Colonel, it has been urged here time and again, both as a reason for the system that was put into operation and for many other reasons too varied for me to put into a question, that the emergency demanded certain things. Has your department been at any time, or at various times, confronted with emergencies where the work had to be done quickly and promptly?

Col. Sherrill. Yes, sir.

Mr. McCulloch. Have you been called upon to do work quickly?

Col. Sherrill. Yes, sir.

Mr. McCulloch. And what has been your experience in carrying it out and bringing it about and accomplishing all the work desired in an emergency; have you been able to do that?

Col. Sherrill. Oh, yes.

Mr. McCulloch. Do you believe that you would have been able to have met this emergency had you been called upon?

Col. Sherrill. I have no doubt of it (p. 2393–2396).

Mr. McKenzie. Now, when the war came on, it is stated that we found in the Quartermaster Department, representing the construction division of the Quartermaster Corps, only three officers, Gen. Littell, Col. Oury, and Col. Marshall—I believe he is now Gen. Marshall—and the question of construction immediately arose; they had those three officers. The Engineering Department, according to your testimony, which I think the facts will bear you out, had a large, well-disciplined, well-trained organization of officers experienced in construction; is that true?

Col. Sherrill. That is correct.

Mr. McKenzie. The question of construction coming up, the first thing that was done, or one of the first things that was done, as I recollect it, was to have the construction division of the Quartermaster Corps call on the Engineering Department to allot a certain number of officers to the Quartermaster Corps, and, if I remember correctly, 68 officers were detailed from your organization to the Quartermaster Division; that is true, is it not?

Col. Sherrill. Early in the war the conditions you have mentioned, the Chief Quartermaster at that time, I believe, secured from the Chief of Engineers a certain number of officers that belonged to the Engineering organization. I am not prepared to state how many, but my impression is that those officers that were assigned had been, in general, only rather a limited time with the organization. The Chief of Engineers very wisely, a couple of years before the war, had taken time by the forelock and had begun to build up a very strong organization in addition to his normal organization—a very strong organization of reserve officers, and at that time I was stationed in Panama, and I was a member of the board to examine those applicants, and I recall that our instructions were very strict as to the requirements, and in making my examination I considered those men quite as carefully as I would have considered men to come into the permanent Engineering Corps. I remember it quite well. And the result of that was—I think it was done everywhere—the Chief of Engineers secured a large number of men who were available on call and who did come as he called them, to go into the Engineering organization. The men, therefore, who went over into the Quartermaster Department from the Engineer Corps were of that type; they were not men in our organization in general. In other words, we did

not touch our regular organization, but took those men from this large body and assigned men of the qualifications we had to the Quartermaster General.

Mr. McKenzie. Now, your organization was built up under the national-defense act?

Col. Sherrill. Yes, sir; the act of 1916.

Mr. McKenzie. Provision was made for that?

Col. Sherrill. Yes, sir.

Mr. McKenzie. Whatever the number was, you say they were civilian engineers; a little later it was decided to create what was known as the construction division in the Quartermaster Corps; is that true?

Col. Sherrill. Yes, sir.

Mr. McKenzie. Now, where did they get the men to make up that organization?

Col. Sherrill. They got the men from the same source that the Chief of Engineers had drawn his reserve officers; from civil life and such men as had not been drawn into the Engineering Corps were available for that purpose.

Mr. McKenzie. I want to ask you whether or not in your judgment it would have been better military policy to have forgotten the old idea that construction should have been done under the Quartermaster Corps and simply assigned construction to the Engineering Corps, and wouldn't it have been possible for you to have gotten all the able engineers who went into the Construction Corps and attached them to your organization?

Col. Sherrill. There would have been no doubt about it whatever.

Mr. McKenzie. And wouldn't you then have had a military organization?

Col. Sherrill. That is true; a single engineering organization to do all the engineering work of the Army is an absolute essential, and it could have been done without any difficulty whatever.

Mr. McKenzie. Do you feel from your experience that the members of the Engineering Corps are competent to carry on the ordinary simple construction necessary for the Military Establishment in times of peace?

Col. Sherrill. They are.

Mr. McKenzie. Do you believe that it would be good policy, or is it necessary either from a military or economical standpoint, to at this time create a separate corps in our Military Establishment to look after the construction work in our establishment in peace times?

Col. Sherrill. I consider that it would be inadvisable and wasteful and entirely unnecessary—a Corps of Engineers and a Construction Division.

Mr. McKenzie. Then it is your idea that all of the construction in the Military Establishment should be taken over by the Engineer Corps and that the idea that they shall be required to build the fortifications, take care of the river and harbor improvements, but that they can not put up a 20 by 40 building at a military post is a mistaken idea as to the ability of the engineers; is that your opinion of it?

Col. Sherrill. That is my opinion. It is a general rule that if a man can accomplish a more difficult piece of work, he can accom-

plish the less difficult of the same type. Everyone familiar with the subject will admit that the Engineer Corps in its work of both river and harbor and fortification construction has the most difficult type of construction that civil engineers face. Take the subject of the lock gate; there is no structure designed by the engineer that is more difficult, on account of the varying pressures and stresses to which it is subjected; consequently the building of simple structures at a cantonment would not have presented features not entirely familiar to the men in the engineering organization.

Mr. McKENZIE. Another question, and I apologize to my colleagues for asking these questions; they are not really pertinent here, but they are pertinent to matters pending before Congress. In your judgment, would not the experience the Engineers would get in times of peace be beneficial in war?

Col. SHERRILL. It would be of the utmost benefit. I have been in command of an Engineer regiment, trained it for France, and been in command during the war in France, and I know many times when my regiment was working on simulated structures when they could have put up the buildings at Camp Upton with great benefit to them, and with economy and benefit to the Government.

Mr. McKENZIE. I am asking you these questions because they are questions that will come up in the future. It is the duty of Congress to see that the Military Establishment is organized along the most efficient lines possible; that in times of war the country will be able to take care of the problems confronting the country; and the question will arise as to whether or not the construction shall be placed under the engineers, or under the Quartermaster Corps, or under a separate organization; and I have asked these questions to get your judgment, believing that you ought to know something about it, as a sort of guide when the proper time comes to settle these questions.

Col. SHERRILL. Mr. McKenzie, I consider it an absolute calamity to the Government and to the Army if this anachorism to engineering organizations were maintained in the Government in the future. It is absolutely of no moment to me personally whether we have the Construction Division or do not have it; my rank is the same in any case. I am perfectly agreeable to a single list of promotions. I have no fear in any case, for the reason that I have offers considerably more than double my pay to go outside, so I want to indicate that from a personal point of view I have no interest at all, but I am interested in a sound organization for the Government; and we might as well have a medical organization to treat the Army in times of peace and another one to attend to them in time of war as to have a Construction Division in time of peace and a different division in time or war; that it would be an absolute analogy.

Mr. McCULLOCH. What is the purpose of the Military Establishment?

Col. SHERRILL. The purpose of the Military Establishment is to be prepared at all times to meet external and internal enemies of the Government and destroy them.

Mr. McCULLOCH. The purpose of a military organization, therefore, is to be prepared for war?

Col. SHERRILL. To be prepared for war ultimately in all cases, and that is the only ultimate object of it.

Mr. McCulloch. And that is the ultimate object of it?

Col. Sherrill. Yes, sir.

Mr. McCulloch. As I indicated in a former question to you, we have a military academy at West Point from which your department has drawn men, and your department's importance is recognized by permitting men who stood highest in their classes on graduation to enter your department; it was considered an honor. You have carried on in time of peace construction projects, have you not?

Col. Sherrill. We have.

Mr. McCulloch. And in carrying on those construction projects in peace times you were keeping your organization together and your men busy; isn't that correct?

Col. Sherrill. That is correct.

Mr. McCulloch. You were developing their ability and adding to their experience in construction lines, were you not?

Col. Sherrill. We were.

Mr. McCulloch. Can you conceive why, after all these years of preparation of an efficient organization, which, when the emergency came on, contained, as you have said, some of the ablest engineers in America, old and young, can you conceive any good reason in the world why, after spending all this money and this effort in getting an efficient organization together with the ultimate object of taking care of an emergency, that when an emergency comes on and necessity for this organization is here, that it is absolutely disregarded and not used; can you give any good reason in the world why that should occur?

Col. Sherrill. It seems inconceivable that that should have been done. I can see no reason why it was done except inertia and precedence.

Mr. McCulloch. Will you explain both of those terms, inertia and precedent, as applied to this situation?

Col. Sherrill. I would say it was due to inertia in that having an organization in the Quartermaster Department charged with that general type of work, the construction and maintenance of buildings in posts in times of peace, inertia would have prevented a change; and precedent in the same way would lead probably to the use of such an organization, if it were working satisfactorily, in preference to changing over to any other arrangement. From a logical point of view I can see no reason why, at the very least, they should not have asked the Chief of Engineers if his organization could not have facilitated that work by taking over a part of this work.

Mr. McCulloch. Even that was not done?

Col. Sherrill. Even that was not done at all. I can not conceive any sound reason why the method followed was chosen.

Mr. McCulloch. In other words, all your preliminary work in peace times, while you did do river and harbor work, and all other kinds of construction work, yet all of this preparation and all of this training and this preliminary work was with one thought in mind, the taking care of an emergency; is that right?

Col. Sherrill. That is correct.

Mr. McCulloch. And when the emergency came these facilities were absolutely disregarded and unused; is that right?

Col. Sherrill. That is correct, so far as the work in this country goes.

Mr. McCulloch. Yes; I am confining it to America.

But on the other side they were used, and used effectively, and the statements that you have made as to the ability of your organization to carry on this work promptly, efficiently, and economically was demonstrated in a foreign land; is that right?

Col. Sherrill. That is correct, and especially is that correct because this work had to be done where we had no organization. When Gen. Taylor went to France he had two days' notice before he got on the ship that he had all the construction work in France. Before that it was a discussed question. He had two days to get ready before he sailed to take up the construction work in France (p. 2396-2400).

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Col. Sherrill. I should say that for Camp Sherman, at Chillicothe, under the Wheeling office, they could have been actually at work on the ground—had men actually doing work on the ground in less than a week.

Mr. McCulloch. Would that same condition apply throughout the country generally, in your opinion?

Col. Sherrill. Yes, sir.

Mr. McCulloch. So that if the Government was called upon to build 16 National Army cantonments distributed over the country and that work had been put up to your Engineering Department to carry on this work in the light of the emergency promptly, efficiently, and economically, the sites having been selected, we will say, do you say that the work could have been started on the various camps in a week?

Col. Sherrill. Yes; I think it could. Of course, this work on a cantonment, it is quite a large undertaking during a short time; but it is like everything else, you have to make a start. The first thing is to get a few men to work there; and the first thing is a few shacks to take care of the laborers, and then a commissary, and those things could have been begun almost immediately. It was a question of getting that started; it was not a question of getting enormous amounts of lumber, but getting together a few things that you could get in the locality and making provision for all the rest as they came along.

Mr. McCulloch. Now, for some reason, another system was put into operation and you were not called upon, and it has developed in the testimony—I can not state it exactly, but that it took approximately six weeks to get the form of contract ready. What could have your department have been doing in those six weeks when they were working on the form of contract; what could you have accomplished during those six weeks; anything?

Col. Sherrill. We would, I feel sure, have made a considerable start on the work.

Mr. McCulloch. You would have been on the job and under way?

Col. Sherrill. We would have been on the job and under way.

Mr. McCulloch. Considerable time was taken afterwards making a survey with a view to determining who they were going to give the contract to under the cost-plus system; I do not know how many weeks, but considerable time; during all that what would your organization have been doing? (pp. 2401-2402.)

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Mr. McCulloch. The point I was trying to get at—and what I want to direct your attention to—was that a committee outside of the Army, called the Emergency Construction Committee, that not only spent six weeks in the preparation of a contract and a form, but that spent a considerable time gathering information as to the character of contractors throughout the country to whom they would give the work——

Col. Sherrill (interposing). We had all that; in the Engineering Department we had all the types of contracts that we have used; and as soon as we knew what the conditions were, there was no trouble about the form; we had those. And each locality has its information as to the contractors that we could depend on. So I don't think we would have needed any more information on that point.

Mr. McCulloch. So, from your standpoint that would have caused no delay whatever?

Mr. Sherrill. None whatever. We know what contract we wanted.

Mr. McCulloch. So, covering a period of years the Government had this organization, but when the emergency came on, under the system that was followed, they went at it originally to prepare the form of contract and get the information that you had?

Col. Sherrill. We had the information for the methods that would be used; yes, sir.

Mr. McCulloch. You say it would take 10 days to make a survey. What do you mean by that; what did that include?

Col. Sherrill. At Camp Upton we had an area of within 2 miles by about a mile—less than that—to make the necessary topographical survey and run the necessary crosslines, and it would have required not over 10 days for a reasonable-sized party that we could have picked up in the district; we have a number of those, and any one of them could have accomplished that in 10 days.

Mr. McCulloch. How much additional time, then, do you estimate it would have taken to lay out the utilities; would that thing progress as the work progressed (p. 2402)?

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Col. Sherrill. I should say it would have taken at Camp Upton, which was a reasonably difficult piece of ground, because it was covered with timber, to have made necessary surveys for all water lines, sewer lines, and incinerators, with a single party, I should say about three weeks, but the work could have been pushed so that everything could have been done in 10 days. You would not have to use one party.

Mr. McCulloch. And you had the organization to do that?

Col. Sherrill. Everything. We could have taken a party—one each from the several districts—and accomplished it in a very few days (p. 2403).

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Col. Sherrill. That is a typical camp, I believe, about 40,000 men eventually—maybe a little more. As I get your question you want my opinion as to the percentage of cost, including the sheltering, inside wiring, and such as that, as opposed to sewerage, depots, administration buildings, and so forth?

Mr. McCulloch. That is right; now will you give us your opinion?

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Col. Sherrill. I should say that my impression that the items you have enumerated would probably have cost from 40 to 50 per cent of the camp.

Mr. McCulloch. You mean the shelter would cost that?

Col. Sherrill. Yes, sir.

Mr. McCulloch. As distinguished from the other?

Col. Sherrill. As distinguished from the other outside matters.

Mr. McCulloch. Colonel, would you give us the difference in prices of No. 1 and No. 2 lumber as they ordinarily run?

Col. Sherrill. There is what is called a spread in prices depending on various conditions, especially the basic prices of timber at the time of purchase. If lumber No. 1 is about $29 a thousand, it would cost, ordinarily, about $19 to $20 a thousand.

Mr. McCulloch. Now, as between No. 2 and No. 3?

Col. Sherrill. The difference between No. 2 and No. 3 is somewhat less.

Mr. McCulloch. About what would you say?

Col. Sherrill. I should say that from the same case No. 3 should run about $14 to $15 a thousand (pp. 2403–2404).

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Col. Sherrill. As I say, in the ordinary course of events, buying these necessities or placing an undue number of orders in any one market, that method would have to be followed. If it had been necessary to distribute those orders in order to see that the sources of supply was used to the best advantage instructions would have been given to that effect.

Mr. Doremus. Colonel, the contracts for the construction of these 16 cantonments were let between the 19th and the 23d of June, 1917. Do you think that under the plan of purchasing lumber which you have suggested that you could have gotten the lumber on those different sites as quickly as it was secured through one purchasing agency in Washington?

Col. Sherrill. I am not familiar with their method of purchasing, consequently I can not answer that, but I should say that the quickest method that could be followed would have been in case the amount of lumber involved taxed the resources of the country, would have been to have a central agency coordinating the activities of the different officers making purchases, but that those purchases should preferably have been made by a number of agencies rather than a single one, but there should have been a close coordination. I do not know the method followed by the Purchasing Division.

Mr. Doremus. Well, for your information I will state that all the lumber, approximately 50,000,000 feet for each camp, entering into these jobs generally was purchased through a central agency in Washington. Now, do you disapprove of that plan?

Col. Sherrill. Do you mean that a central agency actually made the purchases, sending out the requests?

Mr. Doremus. Contracting for the entire volume of lumber; practically all. I will not say all, but substantially all the lumber. Was that a good policy or a bad policy?

Col. SHERRILL. Well, that depends a good deal on the organization. I am not prepared to say that that would not have accomplished the results. I do not say that we would have followed that procedure, but I am not prepared to criticize that method specifically.

Mr. DOREMUS. There is no question in your mind but that method did accomplish the results?

Col. SHERRILL. It certainly did; they built the cantonments. But the time at which it arrived I do not know. But I think they did get the lumber there all right (p. 2405).

Col. SHERRILL. I do not say that is the method which would have been followed. I give that as an illustration of how that particular officer could have accomplished his job. But as to the method to follow, I know we had a complete organization all over the country. Every district in the United States has purchased supplies for the Panama Canal and were able to know the local conditions; we could have taken advantage of tht. Whether we would hve followed that method, I say that by coordinating the supplies that probably would have been done on account of the great strain on the resources of the country (p. 2406).

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Mr. DOREMUS. Assuming that on September 17 the camp was completed for the receipt of 26,220 men, that on October 1 it was ready for the receipt of 28,000 officers and men, and on December 19 for 34,000 men, would you say that if the work had been let with the Engineering Corps it could have been completed sooner than that?

Col. SHERRILL. I am not prepared to make a comparative statement as to that camp. My only personal experience with reference to these camps is at Camp Upton; so as to Camp Custer I am not prepared to say (p. 2406).

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Mr. DOREMUS. Assuming that the site for Camp Devens was selected and approved May 31, that the contract for its construction was executed June 11, that the work actually started June 13, and that on September 4 it was completed so as to be able to receive and house 16,458 men, do you think that if that work had been intrusted to the Corps of Engineers that it could have been completed sooner than that?

Col. SHERRILL. That, like the other one, on account of my unfamiliarity with that particular location, I am not able to say. That sounds like a very good record, I must say (p. 2406).

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Mr. DOREMUS. Now, let us take Camp Upton: The site was approved June 18; the contract was executed June 23; by September 4 the camp was ready to receive and house 7,000 officers and men; on September 17 it was ready to receive and house 16,900 officers and men; and on October 1, 24,600 men; on December 1, 40,915 men. What is your opinion, Colonel, as to whether that work was expeditiously done?

Col. SHERRILL. I consider that it was not.

Mr. DOREMUS. That it was not?

Col. SHERRILL. It was not.

Mr. DOREMUS. And will you give your reasons for so thinking?

Col. SHERRILL. My reasons are that I do not think, from my observation there, that the work was organized to secure the best results from their labor that they actually had; nor do I think the work progressed in the order that it should have progressed in order to get the best results. For instance, essential roads for use in bringing in supplies from New York were not put in a good state of improvement until the camp was largely completed, and then those roads were not able to be completed on account of weather conditions which delayed—undoubtedly must have delayed—the work in the camp.

Mr. DOREMUS. In your judgment, Colonel, how soon should that job have been completed under proper conditions?

Col. SHERRILL. I should say that with proper engineering provision and direction the camp as actually finished—I will say, about January 1—it should have been completed by probably the middle of November. That, of course, you will understand, is my impression. It is impossible to give more than my impression, based on my experience and observation at Camp Upton, and that estimate is largely on the method that I observed in operation in constructing that camp, as compared to what I believe could have been followed.

Mr. DOREMUS. You understand, of course, Colonel, that on December 1, 1917, the camp was ready for 40,000 men?

Col. SHERRILL. Yes, sir.

Mr. DOREMUS. You think that it could have been ready earlier than that?

Col. SHERRILL. I think it could; yes, sir (p. 2407).

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Mr. DOREMUS. One of the questions propounded by Mr. McCulloch very strongly intimated that these men were not called upon and were not used during the war; is that true?

Col. SHERRILL. You mean in general; not use in general? No; their services were used during the war (p. 2409).

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Col. SHERRILL. Most of these men did not go to France until long after the construction work here was practically completed.

Mr. DOREMUS. Do you know when the construction work was practically completed?

Col. SHERRILL. At the cantonments, I should say, practically completed by January 1, 1918; that is, the construction of the actual cantonments.

Mr. DOREMUS. You are aware that much of it continued after that time, aren't you?

Col. SHERRILL. Yes, sir (p. 2409).

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Mr. DOREMUS. Yes; you think that somebody else could have been found to do their work?

Col. SHERRILL. They could have been, but the proper procedure would have been to have trained in the reserve officers and left them in charge here with the reserved officers trained (p. 2409).

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Col. SHERRILL. When we entered the war, I should say that in the engineering department there could have been assigned to neces-

sary military construction, without immediate and serious detriment to their other duties, some 30 or 40 qualified officers (p. 2410).

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Mr. DOREMUS. You have spoken of the Norfolk district work; what sort of contruction work is done in that district?

Col. SHERRILL. The district officer has charge of various structures relating to seacoast defenses, storehouses, railways, emplacements involving massive reinforced concrete work, concrete and other types of buildings. And in his river and harbor work he has a great variety of earth-handling problems to meet—the controlling of channels, the control of jetties, breakwaters, and other structures designed to control the action of the waves and the protection of the shores—and in connection with this there are also incidental buildings to be erected of various kinds.

Mr. DOREMUS. To what extent is that work similar to the construction and buildings and utilities?

Col. SHERRILL. As——

Mr. DOREMUS (interposing). Such as were used in the 16 large cantonments?

Col. SHERRILL. It is entirely similar in general principle—that is, the buildings are sometimes of similar type, sometimes the more permanent type; railroads are similar to those used in the camps, and roads which are practically the same or the same types are used; the installation of searchlights and power plants involves certain kinds of electrical questions; the telephone questions would be practically identical with those in cantonments. I might say that the Engineer Department now constructs all telephones in the coast defenses, both in the coast and batteries, because it was found that it was much simpler to do that than to have another organization come in. That was all given to us by the Signal Corps, which originally did it (p. 2412).

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Col. SHERRILL. The General Army construction at posts and the Army construction was under the Quartermaster Corps.

Mr. DOREMUS. Did your corps ever do any of that work up to that time?

Col. SHERRILL. Yes; they have done some; a limited amount (p. 2413).

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Mr. DOREMUS. In view of the fact, Colonel, that you have testified, that the major part—the great bulk of construction and utility work for the Army was done by the Quartermaster Corps up to the time of our entrance into the war, why do you say that that work should have been transferred to the Corps of Engineers?

Col. SHERRILL. In my opinion, the fundamental reason for the failure of the Quartermaster Corps to adequately carry out that duty thrust upon it at the beginning of the war was the fact that they did not have an organization made up of men who had made a life study of engineering construction, but it was made up of officers who were temporarily detailed from time to time, with or without engineering knowledge, and who necessarily were not able to reach a high degree of efficiency in that line of work; nor did they

have the large and well-distributed organization which was essential at that time for the control of this work. Their work before that had been comparatively small in amount and was not adapted, I think, to an extent necessary to take over this work. The main difficulty, I think, was in their system, in not having a trained personnel.

Mr. DOREMUS. But it is a fact, is it not, Colonel, that up to our entrance into the war they had done vastly more of that work than the Corps of Engineers had?

Col. SHERRILL. Yes; of that construction Army work, but not vastly more of the work similar to that.

Mr. DOREMUS. But we are talking now of the construction of buildings and of utilities. Now, you have testified that up to the time of the outbreak of the war, or up to the time we entered the war, very little of that had been done by the Corps of Engineers; now, what I want to get at is your reason for saying that that work should have been transferred to the Corps of Engineers?

Col. SHERRILL. My main reason for that is that their system of assignment of officers was very defective and did not contemplate and have men who devoted their lives to that work. That is the main reason. The Army engineers, on the other hand, devote their lives to a certain line of work, which is quite similar, and the administration work was identical with that followed in these camps. There had been no work of that type on account of the smallness of our Army.

Mr. DOREMUS. As I understand it, Colonel, you admit that so far as practical experience is concerned in the construction of buildings and the laying out and construction of utilities the work in the Quartemaster Corps vastly transcends the volume of work done by the Engineering Corps; and I am anxious to ascertain, whether in view of that fact, you really think that it would have been advisable to transfer all of that work to the Engineering Corps, in view of the fact that it had had practically no experienca in that particular class of work?

Col. SHERRILL. Well, that is an admission, though, I do not believe I made, because although I had not—the Engineers had not constructed the general utility buildings such as barracks for Infantry, and so on, they had been constantly erecting buildings all over the country and had an organization well adapted to that purpose; well arranged for supervision and decentralization and inspection and well located, as I indicated this morning, to take over the construction of any cantonments that might be assigned to them.

Mr. DOREMUS. Colonel, you have testified that you believe that the Engineer Corps of the Army was ample to meet the emergency that confronted this country in the spring of 1917, and had been built up to meet such an emergency; is that correct?

Col. SHERRILL. The organization of the Engineer Corps was adapted to meet the emergency, and it had been largely expanded by the commission of temporary reserve officers who were subject to call and were being called readily, so that it was at every stage, I think, of the war, practically adequate to the demands made on it.

Mr. DOREMUS. You have been in the Engineer Corps for many years, about 18, I think you have testified?

Col. SHERRILL. Yes, sir; 18 years (pp. 2413-2414).

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Mr. DOREMUS. Did anybody in the Engineer Corps ever dream that we would be required within the space of a few months to build up in the United States 16 large cantonments and 16 Army camps?

Col. SHERRILL. That I could not say either, but my impression is that the principal thought of the Army was at that time contemplating some such expansion as that, yes, sir; that is, taking care of this Army, whether it were 2,000,000, or 3,000,000, or 4,000,000.

Mr. DOREMUS. And at what time was that first contemplated?

Col. SHERRILL. That I could not say.

Mr. DOREMUS. You think it was contemplated, however?

Col. SHERRILL. Yes; as the danger became imminent that became more and more to the minds of the better thought of the Army, crystallized in that direction, the necessity of large cantonments for training (p. 2415).

Col. SHERRILL. With such expansion as would have been necessary from time to time; they had the organization of the initial personnel which could have been expanded to meet all requirements.

Mr. DOREMUS. I think that is all, Mr. Chairman.

Mr. MCKENZIE. Just one question, Colonel. You seem to be quite familiar with Camp Upton; what have you got to say about the economy of construction there and the cost, in your judgment; could the Corps of Engineers have constructed it at a less cost to the Government than we paid for it under the construction that was carried on?

Col. SHERRILL. Yes; I think we could. I say that—I do not know the details of that cost, but I say that based on my observation of their methods of doing the work. I think their methods were very inefficient (p. 2416).

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Col. SHERRILL. Yes, sir.

Mr. MCCULLOCH. State whether or not the Engineer Department, because of the fact that it had trained officers in it devoting their lives to this engineering work, gave those problems a careful consideration at the time.

Col. SHERRILL. I feel quite sure they did as a whole; yes, sir.

Mr. MCCULLOCH. With a view of determining whether or not you would be able to meet the requirements of your department?

Col. SHERRILL. Yes, sir.

Mr. MCCULLOCH. State whether or not the studies and estimates of the probable number of men needed in the event we entered the war with any first-class power was always considered as running from two to three million men or more.

Col. SHERRILL. The general consideration given to that subject if we went into the war—even some time before the war—usually hinged on difficulties with Germany or Japan, and in those studies I recall that we had figured out on the surface about what we would have to meet in case of an invasion within 30 days and an expansion following that up, and I believe the general opinion of the thinking men of the Army indicated, even before the war became imminent, that a real death struggle with such a power as Germany would have involved a minimum of 2,000,000 men.

Mr. McCULLOCH. A minimum?

Col. SHERRILL. Yes, sir.

Mr. McCULLOCH. What did you estimate as to the probable maximum?

Col. SHERRILL. I don't believe any man would have dared to foresee, but it ran all the way up.

Mr. McCULLOCH. If the impression were attempted to be left with this committee or with the public generally that the United States, before we entered the war—before the declaration of war—had not had on the job in Washington or in the Military Establishment men who were far-sighted enough to understand the probable necessities and dangers to the country, and that we were absolutely unequipped with men trained to meet, say, the necessities of the emergency in the way of cantonment construction, if that impression were attempted to be left, state whether it was an erroneous impression, in your opinion.

Col. SHERRILL. I would consider that that would be an incorrect impression (pp. 2416–2417).

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Col. SHERRILL. My impression is that if that organization of the constructing quartermaster had been utilized to the best advantage it might have been expanded into the necessary organization for this work, although I am not thoroughly informed as to what the details of their organization were. My impression is that the constructing quartermaster had different camps reporting to Washington, and all directions came from Washington, and if that is the case it gave a highly centralized agency which is entirely different from ours, and therefore probably would not have allowed as ready expansion. I think that, due to the fact that they had been working on this line, if the proper steps had been taken that organization could have been expanded.

Mr. McCULLOCH. Could it have expanded as readily as the Engineering Department?

Col. SHERRILL. I don't think it could, for two or three reasons; one, the distribution of the personnel, the personnel being temporary and not trained in that sort of work.

Mr. McCULLOCH. Colonel, my distinguished colleague, Mr. Doremus, has questioned you at some length in regard to the personnel of the Engineer Corps and the engineers who were available for this cantonment construction. You have stated that some of the men you have mentioned were abroad and carried on work there successfully. State whether or not those men that you have mentioned, and if any, what proportion of them, went abroad prior to January 1, 1918?

Col. SHERRILL. Of the ones that I mentioned, Gen. Jadwin and Gen. Langfitt and I believe Col. Graves went across before that time. I believe they are the only ones.

Mr. McCULLOCH. Now, up to January 1, 1918, were there sufficient trained engineers in your department to have taken care of this cantonment construction?

Col. SHERRILL. Yes, sir.

Mr. McCULLOCH. That is, the direction of it?

Col. SHERRILL. Yes, sir.

Mr. McCulloch. I hand you, Colonel, an Army list and directory, the one I am handing you is dated December 1, 1919; it seems to carry a list—I do not know whether it is partial or complete—of the Corps of Engineers from colonels down to second lieutenants. I wish you would look at this list and see if you can add to the number of men you have given the names of, engineers in your department who were capable of supervising and carrying on the work of cantonment construction at that time. The list is so long that I do not care to offer it all and have it printed in the record. I would like to have you glance over it and give us some idea from an examination of the list of the engineers that would be available, beginning on page 42.

Col. Sherrill. I am personally well acquainted with a large percentage of these officers of the grades down to probably the middle of the grade of captain; that would give roughly about 40 per cent, I should say, of these names.

Mr. McCulloch. And about how many in number?

Col. Sherrill. That would be roughly about 165 officers, most of whom I know personally well, others slightly, and a few not at all.

Mr. McCulloch. You know them personally well, and know of their qualifications and ability for this kind of work?

Col. Sherrill. Yes, sir.

Mr. McCulloch. I wish you would tell the committee in a general way about those men; how many of them would have been available, and so forth, for that particular work?

Col. Sherrill. With very few exceptions, I should say that all of these officers would have been well qualified to direct that work. Some of the older ones would have been better suited on account of their age and experience for civil projects. The younger ones would have been better adapted to direct the work on the ground. And those would have been probably the type of officers selected for that work, would have been within the list that I know personally.

Mr. McCulloch. From that personnel do you say you had a force sufficient to supervise and handle the work on the 32 cantonments?

Col. Sherrill. Yes, sir.

Mr. McCulloch. Which was practically completed to January 1, 1918?

Col. Sherrill. Yes, sir.

Mr. McCulloch. As to the original construction?

Col. Sherrill. Yes, sir.

Mr. McCulloch. I am examining an exhibit submitted by Gen. Littell in his testimony before the Military Affairs Committee, printed in the hearings before the Committee on Military Affairs, between December 7, 1917, and February 8, 1918, on page 928, entitled in the caption, "National Army Cantonments." Number of troops for which facilities har been provided on September 4, 1917. There is one of the camps referred to, American Lake, Washington. Camp Lewis, which I understand is a permanent camp. That would leave 15 camps that had to be constructed for the emergency development, or from April 6, 1917, to September 4, 1917. Eliminating from the total number of troops that could be housed with the facilities that were constructed or ready at that time, the 46,000 at American Lake, Washington, Camp Lewis—but subtracting the

46,000 from the total number, 287,308, would leave for the 15 cantonments that were constructed for the emergency development and up to September 4, 1917, 241,000, or for each of the 15 camps, 16,000 troops. Now, it being apparent from that table that the facilities were prepared and ready only for 16,000 troops for each camp, or 241,000 for the 15 camps, from the beginning of the emergency to September 4, 1917, what do you say as to whether or not during a period of practically four months, whether that was rapid construction or slow construction?

Col. SHERRILL. Well, I should say that under the emergency that was slow construction, but I would also like to say that I do not know the various difficulties that the Construction Division had to encounter, and therefore, I am not prepared to state whether they provided all of the shelter up to that time that they reasonably should have provided, except that I do not think from my observation—what I saw—that the work on the cantonment that I was familiar with was done in such a way as to indicate that it could not have been much improved.

Mr. MCCULLOCH. As to speed?

Col. SHERRILL. As to speed.

Mr. MCCULLOCH. And as to economy?

Col. SHERRILL. And as to economy. But I say, so far as the other cantonments go, I do not know the immediate circumstances under which it was done. (pp. 2417–2419).

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Mr. MCCULLOCH. In connection with you testimony, Colonel, I desire to get into the records some figures shown in the testimony of Gen. Littell in February, 1918, as contained in the volume I have heretofore referred to, on page 928, caption, "Housing capacity of the various military establishments in the United States. Total capacity of all posts, camps, and arsenals. Recapitulation." In the 16 National Army camps there was a total of officers and men of 654,786, and at the National Guard camps there was a total of 438,042 men.

Mr. MCKENZIE. In order to have one matter clearly in the record, I want to read a statement from the testimony of Gen. Black given before the Committee on Military Affairs—the date is not given, but I think it is April 11, 1916—while we were having hearings on the military appropriation bill. I am reading from page 966:

> Gen. BLACK. The Engineer Corps consists of a body now authorized by law of 242 officers and the enlisted men of the corps. The officers with these enlisted men are detailed from time to time as need may be by the Chief of Engineers from his body of officers; but you see there are many other engineers' duties.

And so on.

I simply wanted to read that to show that at that time there were authorized 248 officers in the Regular Engineer Corps.

Col. SHERRILL. That was prior to the 1916 act?

Mr. MCKENZIE. That was prior to the enactment of the national-defense act.

Col. SHERRILL. In June, 1916.

Mr. MCKENZIE. It gave you the opportunity of increasing your reserve officers, which I understand you did?

Col. SHERRILL. Yes; and also a considerable increase in the Engineer Corps (p. 2421).

Col. EVAN SHELBY (pp. 2421–2422):

Mr. MCKENZIE. Colonel, have any of the contractors having contracts under the contract system, the cost-plus system, filed any claims for damages for loss of property, so far as you know (p. 2421)?

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Mr. MCKENZIE. I think for the purpose of this committee, Colonel, if you will furnish us a statement confined to the 15 original cantonments and the 16 National Guard camps we will be satisfied with that; but I do want to have the evidence appear in this hearing, in view of some of the testimony that has gone in of the extreme sacrifice and patriotic endeavor of many of these contractors; and I am assuming that many of them were imbued with this purpose. I want to know whether, after we have paid them the fee which your division has contracted to pay them whether they are coming back and asking that the Government shall reimburse them for damages of one character and another, and I want to know what course your Construction Division has pursued in regard to these matters. I think it is as important to you as it is to the country that we have that information, and if you will furnish that to the committee we will be very much obliged. I do not ask you to do it to-day.

Col. SHELBY. I will be very glad to give you such as we have. As I said before, it will be a matter of considerable detail work to accumulate it (p. 2422).

CHARLES W. PARKS (pp. 2422–2469):

Rear admiral, United States Navy, Chief of Bureau of Yards and Docks. Have been 22 years in the Navy, have had experience in various positions with duties covering construction and letting of contracts. Chief of the Bureau of Yards and Docks, Navy Department, since 1918. Graduate of Rensselaer Polytechnic Institute in 1884.

The larger part of the work of the Bureau of Yards and Docks is in the letting of contracts for the Navy. There were something like 2,200 during the war period, about 1,600 since I took charge (pp. 2422–2423).

When plans and specifications are completed they are turned over to the project or contract section, and they are examined for forms as to time that is necessary for the carrying out of the work, the damages for delay, the particular items prepared for bidding, and the specifications as to that examination is brought to me for an "Okeh." It is then prepared for publication. After a proper length of advertising, which is ordinarily three weeks, the bids are received and sent to the project division for examination and report (p. 2423).

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When those are in acceptable form to the bureau, why, then, the bidder executes the contract.

Now, that was the practice before the war and after the war, but during the war period the emergency was considered such that three weeks' advertising was considered inadvisable at times and

sometimes the advertisement was inserted once only in a publication and notices were sent by letter to properly qualified people that we would open bids on a certain day.

Now, such a one was the case of the aircraft factory at Philadelphia. A recommendation had been made that the work be allotted as a cost-plus contract, on an estimate of $2,600,000. The Secretary of the Navy was not wholly satisfied that that would be either economical or the desirable thing to do, and proposed that if we could take bids quickly we would not have the delay resulting from that practice that would make it appear that we should have adopted the other plan, and the accepted date, I think, was four days after that day, was the one on which bids would be received, and put one advertisement in the paper, which I think very few saw, and sent notices to 12 contractors. We received 13 proposals, one more than the number to whom I sent letters, but I have not examined to see whether all 12 did submit bids, and the 13th heard about it through the advertisements in the paper. But the result of that was remarkable, in that we got a lump-sum bid of $1,432,000 for what had been estimated as a cost-plus of $2,600,000. And the one who estimated the $2,600,000 put in a bid of $2,100,000, a half million dollars less.

That work was carried on successfully. In other cases, we have advertised one week, 10 days, or two weeks, depending upon the emergency, but during the time that I have been in the bureau, ever since January, 1918, the emergency has not been considered great enough to do away with all advertisments. It has not been considered advisable to keep any list of contractors to whom all proposals should be submitted. But the work to be done is placed in a card holder in an office available to any contractor who wants to come and look at it, and if he wants to bid on the work he can secure the plans and specifications. Of course, during the war period, it was not always advisable to let every person who made application for plans and specifications have them, and in a very few cases of that kind the bureau was so slow in issuing plans and specifications that the plans and specifications of the particular sketch I am referring to, were not issued at all. We were simply slow.

Beginning with the spring of 1917, when the emergency was greatest, a certain number of cost-plus contracts were let, but that practice stopped in September, 1917. I think there has been only one exception to that during the time that I have been here.

Mr. McCulloch. Why was the practice stopped in September, 1917?

Admiral Parks. Because it was believed that better results would be secured by the ordinary method of the lump-sum contract (pp. 2424–2425).

I had very little discussion of the emergency construction contracts used in the construction of the camps and cantonments. The result of my examination was that we did stick to our own form (p. 2425).

Mr. McKenzie. Were there any fundamental objections to that system of contract?

Admiral Parks. Well, I am personally not favorable to that form of contract, and when I looked at a specification—I am not looking at it open minded. My experience has not been in favor of that kind of thing. It is the easiest kind of a contract to start, especially

if you do not know what you are doing, and it is the hardest one that you have to close. I think those features affect me more than the specific wording of the specifications. I have contracts made in 1917, at the Great Lakes station, that are still open.

Now you may make a provision that no material may be ordered without the approval by the officer in charge. As this is emergency work, called emergency work, and the material is ordered without that provision, when a man comes along with a bill a year or two years later, and you know the material actually has been used on the job, it is not equity to turn him down on his failure to get approval, but if you let down the bars you do not know when he is through putting in bills. It is a hard proposition to handle.

Mr. McCulloch. Because the Government can not safeguard its interests.

Admiral Parks. It is difficult to safeguard the interests (p. 2426).

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Now, when it comes to the pay roll part of it, it is difficult to protect your interests. You can not put enough inspectors on; they would be in the way. You have got to rely for the time upon the timekeepers, and if a man checks in and checks out 8 hours or 10 hours later, and you have not inspectors enough, you are not sure that that man has put in 8, 9, or 10 hours' labor. All you are sure of is that you have been paying him for that length of time.

Now, the worst feature, and one that I think is hardest to overcome is the feeling of the laborer that the less he does the better the contractor will like him, because the larger the 10 per cent will amount to, or 5 per cent—whatever it is, and I have heard that from a contractor who has done a great deal of work for me. This contractor rather bitterly complained one day. He said, "I had a good organization before the war; good foremen, good mechanics, and I am sorry that I did not stop work before I undertook the cost-plus contracts. I have got to work after the war, and my organization is ruined." He said, "I went into a place one day and saw 12 pipe fitters; one of them was on the floor with tongs in his hands working, and the other 11 were alongside the wall, sitting down."

When this contractor made complaint to his men, they said: "You ought to be satisfied; you are making more money." Well, they could not get that contractor's point of view to save their lives (p. 2426).

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Admiral Parks. I should say, roughly, that it might take 25 times the number of inspectors to do the work than we are compelled to have on the lump-sum propositions (p. 2427).

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Mr. McKenzie. As I understand your testimony, Admiral, you stated that you have, or that the Navy Department prior to your coming had, let certain contracts on what is known as the cost-plus basis. Now, in those contracts did you have any of the so-called safeguards?

Admiral Parks. We had all of the safeguards that we had on our lump-sum contracts. We had the lump-sum specifications of a lump-sum contract applied to the cost-plus contract. And in addition to that we had certain provisions as to what items should be considered

overhead, and what should not be considered overhead, and things of that kind (p. 2427).

In our contracts time was specifically stated with damages for delay (p. 2428). I never did know who jumped the price of lumber and building materials (p. 2429).

Mr. McKenzie. Then, you state that when you would advertise for lumber to take care of a certain contract, between the time of the advertising and the letting of the contract, that there would be a jump in the price? That is your testimony?

Admiral Parks. Yes, sir; that is it (p. 2429).

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We then proceeded to hunt up all mills in the country, hemlock and spruce, that had a capacity of 10,000 feet or more a week, and bought directly from wherever we found it. Well, the main camp was finished before that 4,000,000 feet began to arrive from the southern source. We had gotten a lot of hemlock and spruce from Pennsylvania. It just happens that we were able to get spruce, so that none of that year's cutting went into the job. It was all of the year's cutting before that.

In this lumber proposition there was a great deal of trouble, and often the blame for shipments was placed on the railroads for not delivering cars, and all that kind of thing, and we had a special expediting force following all these kinds of things, and the Railroad Administration was particularly accommodating in furnishing cars, but they would not furnish cars when there was nothing alongside of the siding to put on the cars. Sometimes before the trees were cut they would call for the cars.

Altogether, we got out with a small amount of delay, but we had some of these little things taking place (p. 2430).

We had almost no trouble in securing contractors or organizations to conduct our work during 1917 under the other system (p. 2430).

Mr. McCulloch. The point I want to get at, Admiral, is this: Was it possible, in your judgment, to get contractors with organizations in the United States to do construction work on lump-sum bids?

Admiral Parks. I think it was, but the reason that principally governed this early work, as near as I can get is, that they could start getting material and men on the job before they had made their plans, and save some preliminary time in that way. It was principally a time-saver. Now, where I doubt the saving of time is that you begin to tear up almost as soon as you build. You are shifting your plans. The time that you have necessarily to put into your preliminary plans, is enough in which to secure your bids. Take that one that I mentioned—I think after you were out. Take the aircraft factory at Philadelphia, $1,500,000, and we had 13 separate prepared bids in less than four days, and that contained an item that escaped my attention until after the bids were received, which was far from ordinary construction. If it had been ordinary construction, the contractors would have taken less time to form it than they did.

Mr. McCulloch. Less than four days?

Admiral Parks. Yes.

Mr. McCulloch. So that in your opinion, the argument that it saves time would not be borne out by the facts?

Admiral PARKS. I think the ultimate time is greater.

Mr. MCCULLOCH. You mean the cost-plus?

Admiral PARKS. Yes, sir. You are apt to order stuff you do not want, sizes you do not want, cut to waste, and everything like that. You get things where you do not need them. You will get things here and find that they ought to be over there.

Mr. MCCULLOCH. So you think that the cost-plus system is not only conductive to waste but is slower?

Admiral PARKS. I think, ordinarily, it is slower, because you start before you know what you want to do. I think you can make more time by having your plans. You do not need to make elaborate pictures. Sometimes a pencil sketch is made in a few minutes, and is enough to do a lot of work on, if you put that on a table and some draftsman gets at it, he may take a day to make a finished drawing. That, however, is not nceessary.

Mr. MCCULLOCH. It has been stated that it took about six weeks to get the form of the emergency construction contract in shape. As I understand it, there were a number of conferences, at least two conferences, probably more, attended by representatives of the Navy. The Navy withdrew from the conferences and failed to give their approval to that formal contract. What would you say as to a delay of six weeks in the preparation of a form contract, would it be such as to expedite this work? Could it have been done quicker if they had gone ahead and prepared the plans and specifications and given the contract to some contractor on a lump-sum basis, and have it constructed, as was suggested by Engineer Sherrill this morning? What do you think of a delay of six weeks in the preparation of a contract?

Admiral PARKS. I do not understand the necessity for six weeks.

Mr. MCCULLOCH. What would you say about that kind of a delay in an emergency of that kind if it were true? I am not asking you to testify as to the truth of it. It was stated that it took six weeks to get the form of contract ready. Now, in an emergency, wha would you say about that kind of a delay?

Admiral PARKS. If it took six weks to get a form of contract ready, I would say that it took a great deal of time to do that, and I would not know where the six weeks had been put on (p. 2431–2432).

* * * * * * *

Admiral PARKS. Well, we have got out those mimeograph specifications in one day. I should say 50 or 60 pages of mimeographed specifications, and as to these cantonments, the plans I understand were ready two years before, so that the specifications gotten out on those plans should have been started the next day, it seems to me; that is, if you were doing it on a lump-sum basis.

Mr. MCCULLOCH. Well, your experience was that you could get contractors with organizations during that emergency who were willing and acceptable to do the work for the Government. Isn't that true?

Admiral PARKS. Yes, sir.

Mr. MCCULLOCH. On the lump-sum basis?

Admiral PARKS. Yes, sir. We could have got the same contractors who have done similar work for us on the cost-plus basis the year before.

Mr. McCulloch. That being true, and the fact that the plans were for simply shelter buildings, especially the one-story barracks which had been prepared, and all that was left probably was to survey the lands and lay out the utilities, in view of those things, there was no reason for this great delay if it was possible to get contractors to bid on the work?

Admiral Parks. They could have done as I did in one case, bid for so much of it above the foundation, and then while that is going on get out your great detailed information above the ground.

Mr. McCulloch. What you have just stated would apply to any specifications of a new building?

Admiral Parks. Yes. And also for water, sewer, streets, and sidewalk system, and all that kind of thing. You have got a few days to get that ready.

Mr. McCulloch. Admiral, while you were not familiar, as you say, with the details and provisions of this emergency construction contract, yet I want to direct your attention to certain safeguards that have been in cost-plus contracts used by the Government, and probably by the Navy heretofore, and ask you what the effect of taking out those safeguards would be. First, a bonus for saving, that is the safeguard that is very often put in a cost-plus contract. Would you say that is a safeguard; that it ought to remain, or ought to be taken out? (p. 2432).

Admiral Parks. I have always been in favor of it when you put a damage clause in. If you are going to take away something, put an equivalent in the other direction.

Mr. McCulloch. You mean by that a paragraph for saving and a forfeiture on time?

Admiral Parks. Yes. I am personally in favor of it, but it is not the practice of the Government contracts. The practice is liquidated damages for delay.

Mr. McCulloch. What would you say about taking both the provisions for liquidated damages for delay, and the savings and forfeiture of time out of the contracts?

Admiral Parks. I would not take damages out.

Mr. McCulloch. Suppose they were both taken out, what would you say would be the effect upon the Government—the owner?

Admiral Parks. The contractor would deliver when he got ready; when he did not have another, better customer.

Mr. McCulloch. Would it have the effect of delaying the work unusually, or facilitating the work?

Admiral Parks. It would delay it, absolutely. There would be no incentive for the contractor to deliver.

Mr. McCulloch. The liquidated damages might apply to so much, say, per unit, or the conditions could be worked out in various ways, could it not?

Admiral Parks. Yes.

Mr. McCulloch. Even though the entire work on its structures were not known, you could work it out on several different bases, could you not?

Admiral Parks. It can and has been done. We would say we have so much for barracks, so much for buildings, so much for mess halls, or so much for drilling halls; then so much for power house, and if there are 50 barracks, say $20 per barrack per day, $15 per-

haps on some other item, $200 on another item, but those are all separate. They are even separated between the time the buildings are substantially ready for occupancy and the heating system that will not be required for two or three months later, perhaps. You can arrange that numerous ways to be just to both sides.

Mr. McCulloch. And the effect of which would be to facilitate and hurry work along, while when you leave those safeguards out, there would be a natural tendency, as you very pertinently suggested, to delay their work, is that right?

Admiral Parks. That is it, from my point of view.

Mr. McCulloch. I want to refer again, Admiral, to a suggestion that you brought out in your preliminary statement, which seems to be very pertinent or very apropos dealing with this situation, and that is the effect upon labor, the destruction of the morale of the laborer on the job. Could you elaborate on that and give us more in detail your views on the subject?

Admiral Parks. On timber wharf construction in the Norfolk district before the war we considered board worth $24 or $25 a thousand. A year ago in December that work was costing $165 a thousand; $24 or $25 a thousand before the war. Now, I think the rates of wages have increased about 80 per cent in that time. It is something like 80 per cent. It has now more than doubled, but the cost of the labor on that work has increased more than six times.

Now, that is pretty largely due, in my opinion, from the tremendous demand in the district for people on cost-plus work.

Mr. McCulloch. Now, after giving a situation such as prevailed in the country or in various parts of the United States, we all know that labor in the various trades was being called upon to do this Government work on a cost-plus basis. Carpenters were being called to the various sections to these cantonments. Plumbers, all the various trades had a ready market for their labor. Labor could get onto the pay roll at these various places, and if, as a result of this system, the workmen got it into their minds that they could draw big wages and do little or no work, what would you say as to the effect of such a system being put into practice over the country upon the general conditions of labor and the general morale of the laborer? Would it have any effect?

Admiral Parks. It seems that it has had a decided effect.

Mr. McCulloch. What would you say the effect would be, or was, and is?

Admiral Parks. Well, we had certain intrinsic values prior to the war, and I think the tendency is to lower the values.

Mr. McCulloch. What do you mean by intrinsic values? I wish you would define "intrinsic" as aplying to your answer—the use of the term in your answer.

Admiral Parks. Largely, the value of most projects is labor, and when you have doubled the amount of labor on the production of the same article you have lowered its intrinsic value.

Now, we are talking about something called the high cost of living.

Mr. McCulloch. What effect, in your judgment, upon the high cost of living was the inauguration of the cost-plus system during this war?

Admiral PARKS. I think it was a contributing factor (pp. 2433–2434).

The effect of these increases radiated outside of the camps and in the country generally decidedly (p. 2434).

The Government was in a large measure the employer of labor throughout the period (p. 2435).

Mr. MCCULLOCH. Assuming that they determined upon a cost-plus system, which, according to your testimony, Admiral, and I think it was very clear, very pertinent, according to your testimony, this cost-plus system had two or three very important effects. In the first place it reduced the morale of the men who were on the work. The men felt that they did not have to do a day's work for the money they got; isn't that correct?

Admiral PARKS. That is the way I considered it.

Mr. MCCULLOCH. If the other system—the lump system—had been put into effect, that condition probably would not have obtained; isn't that true?

Admiral PARKS. Well, that is not at all settled.

Mr. MCCULLOCH. Is it probable?

Admiral PARKS. I think it is quite possible (p. 2436).

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Admiral PARKS. I think he has done everything he could; I think some of the others have done all they could; but I don't think they could have done all they would like to have done.

Mr. MCCULLOCH. The Government was practically the only employer in the market for labor?

Admiral PARKS. Yes; but as soon as you were on a contractor's pay roll they would have looked to see how much they could get out of that contractor, and go a bit slow next time.

Mr. MCCULLOCH. Even then the contractor would have had an incentive to keep his morale up?

Admiral PARKS. He would have had it.

Mr. MCCULLOCH. And the cost-plus system would have removed it?

Admiral PARKS. Yes. And it is possible that he would not have spread out so much; he would have kept his work where he could have gotten a better personal supervision (p. 2436–2437).

* * * * * * *

Mr. DOREMUS. Well, would you consider a delay of 100 per cent by reason of the adoption of the cost-plus contract a possibility?

Admiral PARKS. Yes; I think I might consider it a possibility; but before I call it a probability I would like to know some of the circumstances.

Mr. DOREMUS. Well, with that end in view, I will endeavor to point out some circumstances.

Mr. MCCULLOCH. On that 100 per cent reduction in morale, I want to refer you specifically to the delay of the 16 steamfitters, 1 of which had tongs in his hands and the other 15 were sitting on the side; what percentage of morale would you say that was?

Admiral PARKS. There were only 12 of them, 11 on the side (p. 2440).

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Admiral PARKS. I judge it corresponded with our camps; it would be in the neighborhood of 60 per cent buildings and 40 per cent ground work (p. 2441).

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Mr. DOREMUS. The record, I think, discloses that Admiral Capps was at the conference, and approved the cost-plus form of contract that was finally adopted.

Admiral PARKS. Well, that was his own idea, so far as he was concerned (p. 2442).

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Mr. DOREMUS. What sort of a contract did you have for the construction of the Navy and Munitions buildings in the city of Washington?

Admiral PARKS. That was a fixed fee.

Mr. DOREMUS. Fixed fee. You mean, based on the cost of construction?

Admiral PARKS. No; it was a fixed fee which amounted to about 4 per cent, but it had no reference to the cost of the buildings (p. 2442).

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Mr. DOREMUS. If I understand you correctly, I understand you to say that that would not be considered excessive.

Admiral PARKS. I should not, unless it were absolutely clear of all expense to the contractor. If the contractor is going to get anything at all, I should say that 2 per cent would not more than give him a reasonable profit on a job of that size. And then, again, you have got to consider whether he is going to carry the casualty insurance himself or whether he is going to carry the policy, the bond insurance. If he is going to carry the bond insurance, he would not have anything left out of 1½ to 2 per cent. This bonding proposition is something that we are not wholly familiar with. You see a policy of 20 per cent on the job, and suppose the contractor is paying 6 per cent fee on the bond. You assume he is paying it on 100 per cent, not what the contract calls for. Except sometimes on a cost-plus contract, we charge him with a $100,000 bond, and it may run to $1,500,000, and the bonding company does not find out about it. The contractor will pay on the $100,000 that he started out with.

Mr. DOREMUS. If the contractors' fees, Admiral, on all of the 16 jobs averaged between 3 and 4 per cent of cost of construction company, would you consider those fees excessive?

Admiral PARKS. I could not tell until I knew what was included. If he was carrying certain things that we consider overhead, 3, 4, 5, or 6 per cent would not be high. If those things are carried, not as straight costs, upon which he is getting a fee, then the 3 or 4 per cent might be high.

Mr. DOREMUS. Could you have incorporated in your testimony a copy of the contracts of the Navy and Munitions Building?

Admiral PARKS. Yes, sir; I will do so.

Mr. DOREMUS. And also for the Pelham Bay, N. Y., training station.

Admiral PARKS. We did not have a contract; we did that by day labor.

Mr. DOREMUS. What connection did Henry Stears (Inc.) have with that job?

Admiral PARKS. That was the first camp.

Mr. DOREMUS. Was that a cost-plus contract?

Admiral PARKS. Yes, sir.

Mr. DOREMUS. Could you insert that in the record as a part of your testimony?

Admiral PARKS. I will (p. 2443).

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Mr. DOREMUS. You are familiar with the reputation of the Westinghouse, Church, Kerr & Co.?

Admiral PARKS. I am.

Mr. DOREMUS. You are also familiar with the reputation of Stone & Webster & Co.?

Admiral PARKS. I am.

Mr. DOREMUS. You are also familiar with the reputation of the firm of J. G. Bryce & Co.?

Admiral PARKS. I am.

Mr. DOREMUS. Do you consider them efficient contractors?

Admiral PARKS. I would consider them efficient contractors.

Mr. DOREMUS. Do you know that all of their work is done under the cost-plus system?

Admiral PARKS. I am not sure that I have ever heard that they have done anything else. I think the Westinghouse, Church, Kerr & Co. bid for one lump-sum contract for me, and that was about all I know. It is not their policy to bid on lump-sum work. They have refused time and again to do it.

Mr. DOREMUS. Admiral, did you let the contract for the Navy and Munitions Buildings in Washington?

Admiral PARKS. I did; yes (p. 2444).

At pages 2445–2459 is a copy of contract No. 2853, between the United States for the Navy and the Army Office Building, Potomac Park, Washington, D. C., made with the Turner Construction Co., February 25, 1918, which contract contains the following provisions:

Third. The buildings to be constructed hereunder shall be completed, so far as to be suitable for beneficial occupancy, the Navy buildings within four and one-half months from date of approval of fundation plans therefor, the Army building within five and one-half months from date of approval of foundation plans therefor, and the heating plant and connecting mains within four and one-half months from the date of approval of foundation plans therefor. The entire work shall be completed as soon as possible thereafter.

Fourth. For delay in completion for beneficial occupancy as aforesaid, deductions as liquidated damages shall, subject to the provisions of the general provisions aforesaid, be made from payments earned hereunder, of $400 a calendar day for the Navy building, $400 a calendar day for the Army building, and $100 a calendar day for the heating plant and connecting mains: *Provided*, That if the party of the first part shall be unable to obtain necessary materials the Government, upon request, will give such aid in obtaining them as may be practicable, and a further failure to obtain such materials will then constitute an unavoidable delay within the meaning of paragraph 14 of the generl provisions aforesaid; and further, that strikes of workmen interfering with the progress of the work will likewise constitute an unavoidable delay within the meaning of said paragraph (p. 2445).

* * * * * * *

Sixth. For and in consideration of the faithful performance of the work herein provided for, the party of the first part shall be paid the cost of all labor and material furnished by it therefor, the agreed plant rental, and a fee equal

to 10 per cent of the cost of that portion of the work performed directly by it, involving no subcontracts for labor at the site, and 5 per cent of the cost of that portion of the work performed indirectly, involving subcontracts for labor at the site; it being distinctly understood and agreed, however, that said fee shall in no case exceed the sum of $250,000. Payments shall be made upon vouchers prepared, certified, and approved in the manner contemplated by paragraph 5 of said addendum No. 1: *Provided, however,* That when the sum of $250,000, as fee has been earned, payments shall thereafter be made only for the cost of the work and plant rental; the reservations aforesaid, less liquidated damages for delay, if any, and any other credits due the United States, to be paid on completion and acceptance of the entire work herein provided for and the execution of a release of claims as contemplated by paragraph 29 of the general provisions aforesaid.

Seventh. Paragraph 17 of the general provisions shall not apply to this contract (p. 2445).

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SPECIAL PROVISIONS.

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6. *Damages for delay.*—In accordance with the provisions of paragraph 13 of the "General Provisions" shall be as stated in the contract (p. 2446).

Attached to this is a supplemental agreement, dated March 5, 1918, containing the following provision:

Fourth. For delay in completion for beneficial occupancy as aforesaid, deductions as liquidated damages shall, subject to the provisions of the general provisions aforesaid, be made from the payments earned hereunder of $200 a calendar day for one-half the Navy building, $200 a calendar day for one-half the Army building, $200 a calendar day for the remainder of the Navy building, and $200 a calendar day for the remainder of the Army building: *Provided,* That if the party of the first part shall be unable to obtain necessary materials the Government, upon request, will give such aid in obtaining them as may be practicable, and a further failure to obtain such materials will then constitute an unavoidable delay within the meaning of paragraph 14 of the general provisions aforesaid; and further, that strikes of workmen interfering with the progress of the work will likewise constitute an unavoidable delay within the meaning of said paragraph (p. 2448.)

Also attached to it are the general provisions forming part of specifications for contract for public work for the Bureau of Yards and Docks, Navy Department, dated March 20, 1917, including the following provision:

13. *Damages for delay.*—In case the work is not completed within the time specified in the contract, or within such extension of the contract time as may be allowed, it is distinctly understood and agreed that deductions at the rate named in the specifications of the work shall be made as liquidated damages and not as penalty from the contract price for each and every calendar day after and exclusive of the date within which the completion was required up to and including the date of completion, said sum being specifically agreed upon as a measure of damage to the Government by reason of delay in the completion of the work; and the contractor agrees and consents that the contract price, reduced by the aggregate damages so deducted, shall be accepted in full satisfaction for all work done under the contract (p. 2451).

Attached to this contract is also bond of the contractor.

F. A. PITTMAN (p. 2461–2467):

General contractor, Atlanta, Ga.

The witness was called upon to relate his experience in attempting to get work from the Emergency Construction Committee in construction work for the Government, the substance of which, without setting it out at length, is that he was instructed to associate himself with certain other contractors, certain ones seeming to have preference; that he did so but that he failed to be awarded any substantial work, the conclusion of that part of the testimony being as follows (p. 2466):

I went to Columbus to see Maj. Jones, but he was not ready for us to go to work, although the other contractor was working. I showed him this letter from Gen. Marshall's office, showing that I had been selected, and he told me that did not mean anything; that when he got ready for us to go to work he would let us know. About two months after that I had a telegram to come to Washington to sign a contract for the work. When I got here I met Sheldon—that is, I met the Selden-Broeck superintendent, Maj. Jones, and Col. Chamberlain—and signed an official contract for the work, which we still have, but we never did any work. I wrote several letters to him asking when we could start work, and the replies were that they would give us notice when they needed us (p. 2466).

Mr. MCKENZIE. Being an experienced contractor, can you tell us the difference in price between No. 2 and No. 3 lumber?

Mr. PITTMAN. Yes; I think I can.

Mr. MCKENZIE. Will you please do so? We would like to know the difference between No. 1 and No. 2; then the difference between No. 2 and No. 3.

Mr. PITTMAN. The price varies. No. 1 rough material is worth about from $8 to $10 a thousand more than No. 2; No. 2 is worth from $6 to $8 a thousand more than No. 3. In finished material, such as boards, flooring, and ceiling, this is much greater. For instance, at the present time, for the better grade of flooring, it is $120 a thousand for No. 1, $80 a thousand for No. 2, and No. 3 would be about $60 a thousand (p. 2466).

ERSKINE MASON SUNDERLAND:

Assistant to the president of the United States Housing Corporation. Went there first in July, 1918. Am familiar with the contracts of the Housing Corporation for construction work. We had competition on the fee and competition on the plant equipment to be furnished. We had a tabulated form on which different factors counted different amounts (p. 2468–2469).

Mr. MCCULLOCH. Did you have safeguards in your contracts?

Mr. SUNDERLAND. The first contracts we had we got both as we went along. It did not have a bonus and penalty clause. Our following contract did have a penalty and bonus to this extent, if finished within a shorter time, or finished for less money, the contractor drew a proportionate bonus up to half the amount of his fee. The fee was $60,000 and he could not have been penalized more than $30,000, nor could he have received a bonus of more than $30,000.

Mr. MCCULLOCH. He could have been penalized down to $30,000?

Mr. SUNDERLAND. Yes, sir.

Mr. McCULLOCH. He could either have been penalized half of his fee, or received a bonus of an extra half of his fee?

Mr. SUNDERLAND. Yes.

Mr. McCULLOCH. There would have been an incentive to save, and a penalty if he went over a certain amount?

Mr. SUNDERLAND. You could not wipe out his whole fee, and he could not earn over half his fee as a bonus. But under none of our contracts did we have any cost-plus work, except with the telephone company, which was regulated by the War Industries Board. They were allowed 15 per cent as their overhead charges (pp. 2469–2470).

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Mr. McCULLOCH. Have you examined these blue prints, for simple buildings, for camps for the National Army?

Mr. SUNDERLAND. I have looked over those.

Mr. McCULLOCH. What would you say as to the nature of the construction of the buildings planned in those blue prints in comparison with the blue prints which were used in the construction of houses for the Housing Corporation?

Mr. SUNDERLAND. I think I can answer that question in this way, that we used some of these plans. We used some of these plans to build temporary houses for the laborers. We have had to prepare temporary houses for the labor.

Mr. McCULLOCH. You used these plans for your temporary houses.

Mr. SUNDERLAND. We called them labor barracks.

Mr. McCULLOCH. What is the comparison between the construction of the buildings by the Housing Corporation and these buildings—are they as simple or more complicated?

Mr. SUNDERLAND. Well, there is no comparison. Our buildings were of an entirely different type altogether.

Mr. McCULLOCH. Were your buildings more complicated—more permanent looking structures?

Mr. SUNDERLAND. Yes, sir; a good deal more. We built a good deal of masonry.

Mr. McCULLOCH. What kind of work would be required upon the permanent buildings as compared with these buildings [indicating drawing]?

Mr. SUNDERLAND. These buildings could be used by a class of mechanics that our men would not stand for at all.

Mr. McCULLOCH. You had to deal with a higher grade of mechanics?

Mr. SUNDERLAND. Yes sir (pp. 2470–2471).

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Mr. SUNDERLAND. Very few of them; I will say that.

With your permission, Mr. Chairman, I would like to read an extract from the lump-sum contract for general construction work, United States Housing Corporation, project No. 8–B, 112, on page 3, article 2, which is as follows:

ART. 2. Unit and market prices. The contractor further agrees in all cases of additions and deduction, omissions, or substitutions to charge or credit the amount of same at market rates and to furnish a schedule of unit prices for the purpose of checking up requests for payment on account. These prices shall be based upon established Government prices for materials and prevailing rates for labor in the community in which this contract is being executed.

I also desire to give you extract from contract for general construction work project "H-B-77-B—fixed fee." Under "Article 1, title to work—subcontracts—changes in specifications":

It is understood and agreed that the drawings and specifications are not complete and that completed drawings and specifications will be made by the architect engineer or town planner from time to time during the progress of the work herein * * *.

Under Article III, material, labor, and subcontracts:

* * * All listing of materials, and planning of the operation of the work shall be done by the contractor prior to the organization of the field forces, and shall be submitted to the owner for approval. The expenses in connection with this and other initial work, however, shall be paid by the contractor, and for such expenses the contractor shall not be entitled to any reimbursements.

Under Article V, contractor's fee, there is the following paragraph:

In the event that the contractor, by reason of skill in executive management and organizing ability, shall reduce the total cost of the work below the estimated cost stated under "E," page 2 hereof, then the contractor shall receive in addition to the sum herein provided a proportion of the savings thus effected equal to one-fourth of the amount of such savings, such additional fee, however, not to exceed in amount one-half of the fee mentioned in "G" above: *Provided, however,* That if the completion of the whole work is delayed beyond the completion date provided in this agreement, then the contractor shall not receive any such additional fee unless it can be clearly established to the satisfaction of the owner that said delay was due to conditions beyond the control of the contractor and not preventable by any action of the contractor; but all claims arising from such delay shall be made at the time such delay occurs.

In the event that the total cost exceeds the estimated cost, there shall be deducted from the contractor's fee one-fourth of the amount of such excess cost, such deduction, however, not to exceed in amount one-half of the contractor's fee stated in "G" above. If, however, the owner is satisfied that the excess cost over said estimate was due to no negligence or mismanagement on the part of the contractor, but to conditions later arising and beyond the power of control or of prevention by the contractor, the owner may remit said deduction or any part thereof (p. 2471-2472).

ELMER CASSELL (p. 2472-2475):

Chief accountant, Construction Division, War Department. Am a construction engineer. The accounting of costs for the various camps was not started until about the middle of 1918 (p. 2472-2473).

I have figured the transportation costs and find that there was paid for Camp Lee, transportation of all materials, in freight and expressage, about $346,258.03.

The total cost of Camp Lee, original construction, based on vouchers paid to December 31, 1917, was $10,130,091.92, not counting $346,000 freight paid at Washington, or other items not paid in cash on the ground (p. 2474).

Camp Lee is a little more favorably situated for lumber than the other camps, so Camp Lee would be about 90 per cent of the average.

The average freight rate on lumber at Lee is approximately $4 a thousand (p. 2474).

Mr. MCCULLOCH. Have you got in your department complete costs of any Army camps up to date?

Mr. CASSELL. Not as to the exact expenditures; but as to allotments, yes.

Mr. MCCULLOCH. You say you have not the expenditures to date?

Mr. CASSELL. For the same reason I told you before. Because the expenditures, the actual routine of reporting officially the money expended by disbursing officers, does not go through the division. They go directly to the officer in direct command.

Mr. McCULLOCH. Out of the 32 camps how many have you?

Mr. CASSELL. We have about 20.

Mr. McCULLOCH. So that there are about 12 yet to be completed? (p. 2475).

Capt. E. J. WESSEN (pp. 2475–2492):

In connection with the counsel I have prepared certain data, tables, and charts, based on records procured from the War Department, touching the construction of the Army camps.

Mr. WESSON. Well, before submitting these particular statements I would like to say that they have been taken from the records of the Construction Division. These records are in a very incomplete state. They are very fragmentary. To illustrate, one record from one portion of the office does not tally with a record from another portion of the office. We have discussed the conditions with numerous officers in the accounting division of the Construction Division and finally we have selected this particular report, from the first part of the files, which shows the contractors under contract under the Construction Division. This is a statement of the emergency-construction contracts, in which the fee granted was not reached under the construction accomplished. We have tried, so far as possible, to eliminate from this record contracts awarded by the Ordnance Department, the Housing Corporation, and the various other governmental activities in Washington, but we find in a few cases—we find a number of cases in which these contracts are a matter of record, and I consequently submit these reports, subject to correction, as to those particular items (p. 2476):

Exhibit E. J. W. No. 9 is a statement of projects under emergency construction contracts, in which the maximum fee granted was not reached under the construction accomplished. The total number is 313 (pp. 2476–2481), and the total fees on these, subject to correction, amount to $11,136,252.95 (p. 2491). On these the incentive for increasing the cost remained throughout the construction to the very end; yes, sir (p. 2482).

Exhibit E. J. W. No. 10 (pp. 2482–2484) is a list of 115 contracts in which the maximum fee was earned by the construction accomplished. The total fees on these, subject to corrections, amount to approximately $10,276,934.96 (p. 2491).

Exhibit E. J. W. No. 11 is a list of 8 contracts in which the records appeared to show that the maximum fee had been exceeded and excess paid (p. 2484).

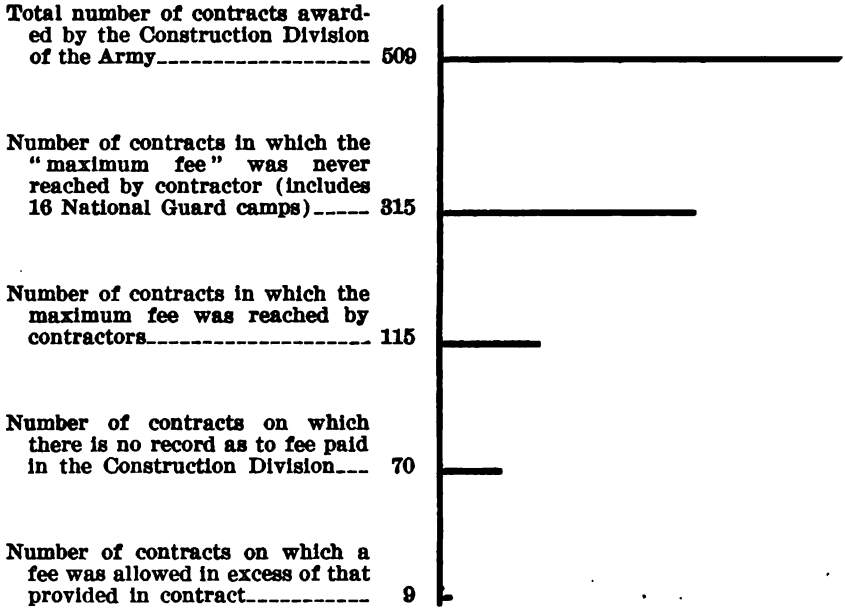
(In this connection it should be noted that this list has been corrected from further investigation of the records in the testimony of Col. Shelby, q. v.)

Exhibit E. J. W. 12 shows the number of contracts awarded for construction, of the character under investigation by this committee, by the Construction Division under the emergency contract, the

number in which the maximum fee was not reached, and the number in which it was reached, and is as follows:

EXHIBIT E. J. W. 12.

THE FIXED MAXIMUM FEE AS A "SAFEGUARD."



(P. 2485.)

Three hundred and sixty-three contractors on 509 contracts participated in the $22,413,187.90 of fees. Of this sum, $3,644,594.51, or 17 per cent, was turned over to 9 contractors. (That is, approximately 2½ per cent of the number of contractors received 17 per cent of the total fees.) The Fuller Construction Co., of which W. A. Starrett, chairman of the Emergency Construction Committee, is at present vice president, and of which he was formerly a member, and of which during the war his brother, Paul Starrett, was president, received the largest amount on these contracts, to wit, $654,000.

(NOTE.—Besides this, the Fuller Construction Co., under the supervision of W. A. Starrett, as supervising or constructing quartermaster, constructed a large number of buildings in Washington, as shown elsewhere in the record.)

Now, there are a number of contractors who received from the beginning of the Great War to the signing of the armistice more in fees than the Cleveland Construction Co., but I have included the Cleveland Construction Co. in this report for the reason that the records of the emergency construction committee indicate that the Cleveland Construction Co. was practically a defunct company from 1915 to 1918, but about that time Mr. C. W. Lundoff, a former business partner of Mr. Benedict Crowell, and the original chairman of the emergency construction committee, became affiliated with this

company. It is also significant that the larger portion of their work was on Ordnance projects, this work coming under the jurisdiction of Mr. Bascom Little in Mr. Crowell's office. Mr. Little was also a member of the firm of Crowell, Lundoff & Little.

I have made another chart which indicates the actual graphic relations existing between the number of contractors participating, the number of contracts awarded by the emergency construction committee, and the total fees paid contractors, and this shows graphically the portion each received by what I have termed the "Big Nine."

(The document marked "Exhibit E. J. W. 13" is printed in the record as follows:)

EXHIBIT E. J. W. No. 13.

SELECTION OF CONTRACTORS.

An examination of the records of the construction division of the Army on December 21, 22, and 23, 1919, indicated that up to and including December 23, 1919, fees had been paid by the construction division on 509 individual contracts of the emergency construction type. This does not include fees paid subcontractors, of which no record is maintained, despite the fact that hundreds of subcontractors participated.

An analysis of the records mentioned above indicates that a small group of contractors received such a large proportion of the total amount paid in fees as to justify a more detailed examination. This examination has been made, and the following graphical report is submitted:

THE "BIG NINE."

The Fuller Construction Co.: Mr. W. A. Starett, chairman emergency construction committee, is at present vice president of this company; was former member of the firm and during the war his brother remained president of same.

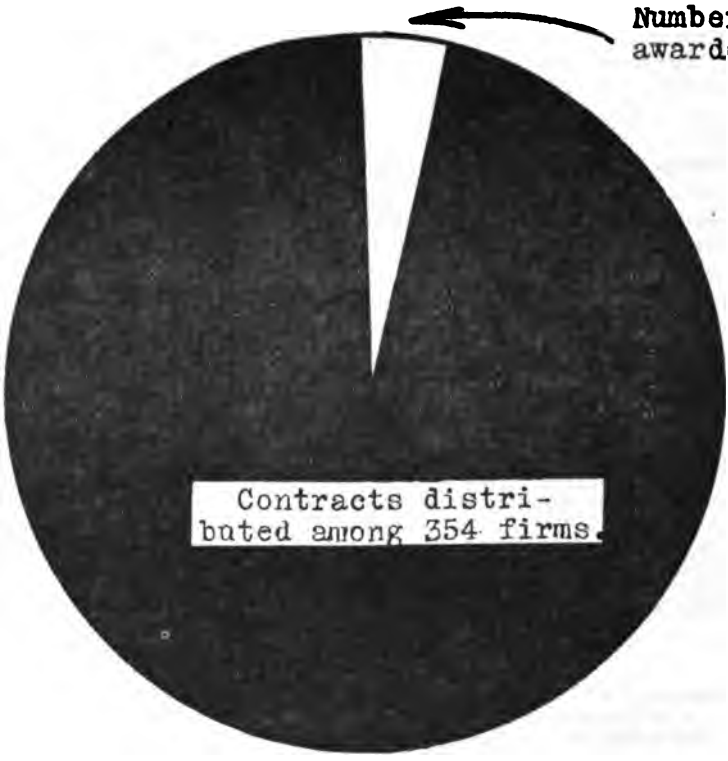
James Stewart Co.

Bates & Rogers Co.

A. Bentley & Sons: Mr. James Bentley, vice president and general manager of this firm, was associated in a professional way with Mr. Starrett, and record shows a high degree of intimacy existed between these gentlemen while Mr. Starrett was on the emergency construction committee.

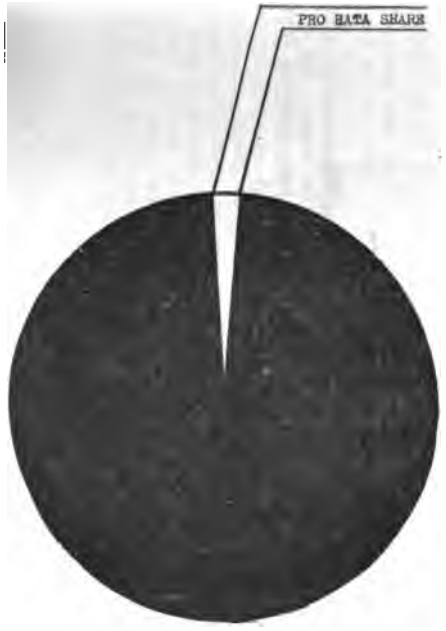
Turner Construction Co.

Thompson-Starrett Co.: Mr. Starrett and Mr. Clair Foster, of the E. C. C., were former members of this firm (p. 2486).


Number of contract
awarded"Big Nine"
Contracts distri-
buted among 354 firms.

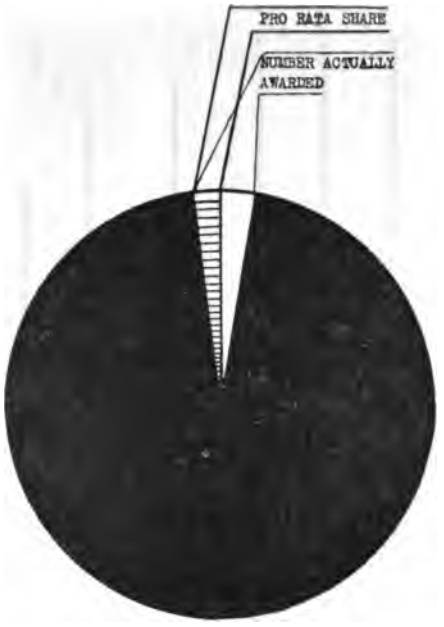
Fees Paid
"-Big
NINE"
Fees Paid 354
Contractors

"Big Nine's" Share in the Profits.



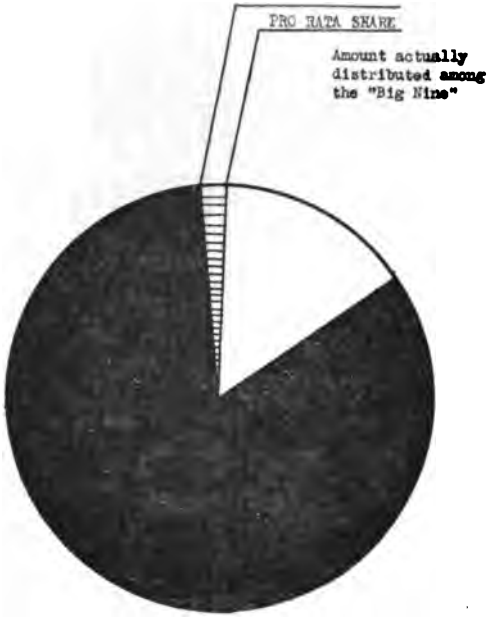
NUMBER OF CONTRACTORS PARTICIPATING

White: Big Nine
Black: 354 Contractors



NUMBER OF CONTRACTS AWARDED BY R.C.C.

White and Hatched: "Big Nine" got 24
Black: 354 contractors got 485 contracts



TOTAL FEES PAID CONTRACTORS

White & Hatched: "Big Nine" got $3,844,594.51
Black: 354 Contractors got $18,568,593.39

(P. 2488.)

Fred T. Ley Co.: Mr. James Mears, vice president of this company, an intimate friend and former associate of Mr. Starrett's on the E. C. C.

Stone & Webster Co.: This firm well represented by former employees both in the Construction Division and in the early days of the E. C. C.

Cleveland Construction Co.: See notes on sheet showing distribution of fees.

FEES PAID "BIG NINE."

EXHIBIT E. J. W. No. 13.

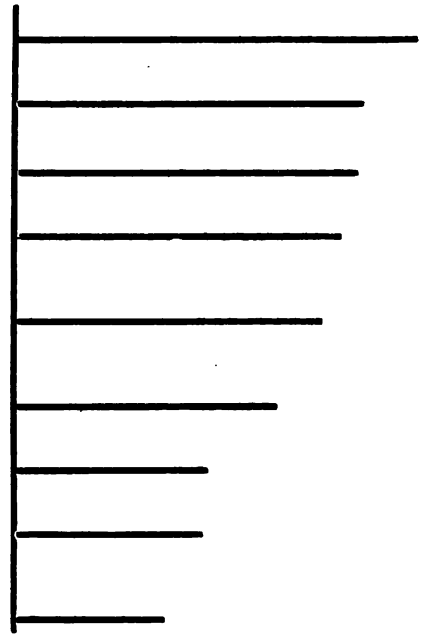
9

Mr. Starrett and others have repeatedly pointed out the fact that no contractor has been awarded more than four contracts; further, that there were not sufficient contracts "to go around." It is probably an oversight on his part that he has never shown that portion of the "total fees paid" earned by the companies toward which he has occasionally been charged with "favoritism."

There was paid out by the Construction Division of the Army to 363 contractors on 509 contracts the sum of $22,413,187.90 in fees. Of this amount the sum of $3,844,594.51 was turned over to the "Big Nine."

DISTRIBUTION OF FEES AMONG THE "BIG NINE."

(*a*) Fuller Corporation Co	$654,500.00
(*b*) James Stewart Co	532,651.80
(*c*) Bates & Rogers Co	525,827.76
(*d*) A. Bentley & Sons	492,061.18
(*e*) Turner Construction Co	469,410.77
(*f*) Thompson - Starrett Co	400,348.34
(*g*) Fred T. Ley Co	273,001.37
(*h*) Stone & Webster	269,536.00
(*i*) Cleveland Construction Co	227,257.29



NOTE.—The fees considered hereon are those covering construction coming under the jurisdiction of the Construction Division of the Army. All of the above contractors had Government work upon which they received fees in addition to the foregoing; for instance:

(*a*) Government office buildings, Washington.
(*c*) Subcontractors, Hog Island.
(*d*) Shipping Board and Housing Corporation.
(*e*) Navy.
(*f*) Ordnance, etc.
(*h*) Flying fields, etc.

Although all of the contractors on original construction work at cantonments drew fees in excess of the amount placed opposite the name of the Cleveland Construction Co., this firm is cited in this classification due to the significant fact that the fees earned by them were earned on contracts awarded after May, 1918. Prior to that date our record shows that they were practically a defunct organization, but about that time Mr. C. W. Lundoff, a former business partner of Mr. Benedict Crowell and the original chairman of the Emergency Construction Committee, became affiliated with this company. It is also significant that the larger portion of their work was on ordnance projects, this work coming under the jurisdiction of Mr. Bascom Little, in Mr. Crowell's office. Mr. Little was also a member of the firm of Crowell, Lundoff & Little. (Pp. 2489–2490.)

(In this connection, the letter of Mr. Benedict Crowell, printed in part 37, incorporates the facts above stated, except that Mr. Bascom Little did not have jurisdiction over the construction work of the Ordnance projects, but was in charge of machine-gun construction in the Ordnance Division.)

* * * * * * *

EXHIBIT N. L. K. No. 1100.

GORDON-VAN TINE CO.,
Davenport, Iowa, October 16, 1919.

Mr. WM. T. CHANTLAND,
Counsel, Washington, D. C.

DEAR FRIEND CHANTLAND: Mighty glad to hear from you and hasten to get as frank answer to you as possible. Your question is extremely hard to answer because there are so many different points affected and to answer this generally would be impracticable and impossible.

For instance, if you refer to white pine, then the price of No. 2 would be considerably higher than the price of mill run because in white pine such a great percentage runs No. 2 and under.

If it refers to hemlock, then exactly the same reasons apply.

If it is yellow pine, it depends greatly upon the nature of the timber whether short leaf or long leaf—whether the lumber might have come from Mississippi or Texas. Yellow pine is probably equal on a general average—that is, I believe the mill run would about equal No. 2—if anything with an advantage in the price of mill run because a greater percentage of the material is No. 2 and better.

If it is fir that you are asking information on, then the price of mill run would be somewhat higher than the price of No. 2.

I have answered your question just as frankly as possible.

Yours, very truly,

(P. 2492.) H. V. SCOTT.

* * * * * * *

652. CR–AD (General) (Oct. 18).
OCTOBER 18, 1919.

Hon. JOHN C. MCKENZIE,
House of Representatives, Washington, D. C.

MY DEAR MR. MCKENZIE: Your letter of October 13, requesting that you be advised as to what extent the plans for temporary buildings for mobilization camps shown in Appendix No. 16, Manual for Quartermaster Corps, United States Army, 1916, were adhered to for the National Army cantonments, has been received.

I am advised by the Chief of the Construction Division that these plans were followed wherever it was practical to do so. At the National Army cantonments, 30,000 to 50,000 men were concentrated in divisional units. Two-story barracks were generally built instead of one-story, so as to reduce the land area required, and thus save needless expense for the additional miles of water, sewers, electric lights, and roads which would have been required to serve the more widely scattered one-story buildings had they been used. Many of the buildings in the National Army cantonments were, however, one-story structures and conformed to the plans shown in Appendix No. 16. This

was especially true of some of the officers' quarters, warehouses, mess buildings and storehouses, post exchanges, bakery buildings, animal and vehicle shelters, and other structures.

The large personnel of the National Army cantonments required a hospital capacity of from 1,000 to 2,500 beds. In order to reduce the area covered and to permit more economical administration a number of the hospital buildings were also made two story in height.

Sewerage systems were installed at all of the National Army cantonments and ordinary toilets were used instead of the pit latrines, as shown in Appendix No. 16.

It should be appreciated that the plans shown in the 1916 edition of the Quartermaster Manual are typical in their character and were designed before the United States entered the war.

Experience gained in housing troops on the Mexican border in 1916 and in building the first officers' training camps, where Appendix No. 16 plans were used, indicated that certain changes in these plans could be made to advantage, with resulting saving in money and greater comfort for the men. These revisions were therefore incorporated in the plans for the National Army cantonments.

Very respectfully,

NEWTON D. BAKER,
Secretary of War.

(P. 2494.)

EXHIBIT N. L. K. No. 1103.

Appendix No. 16.

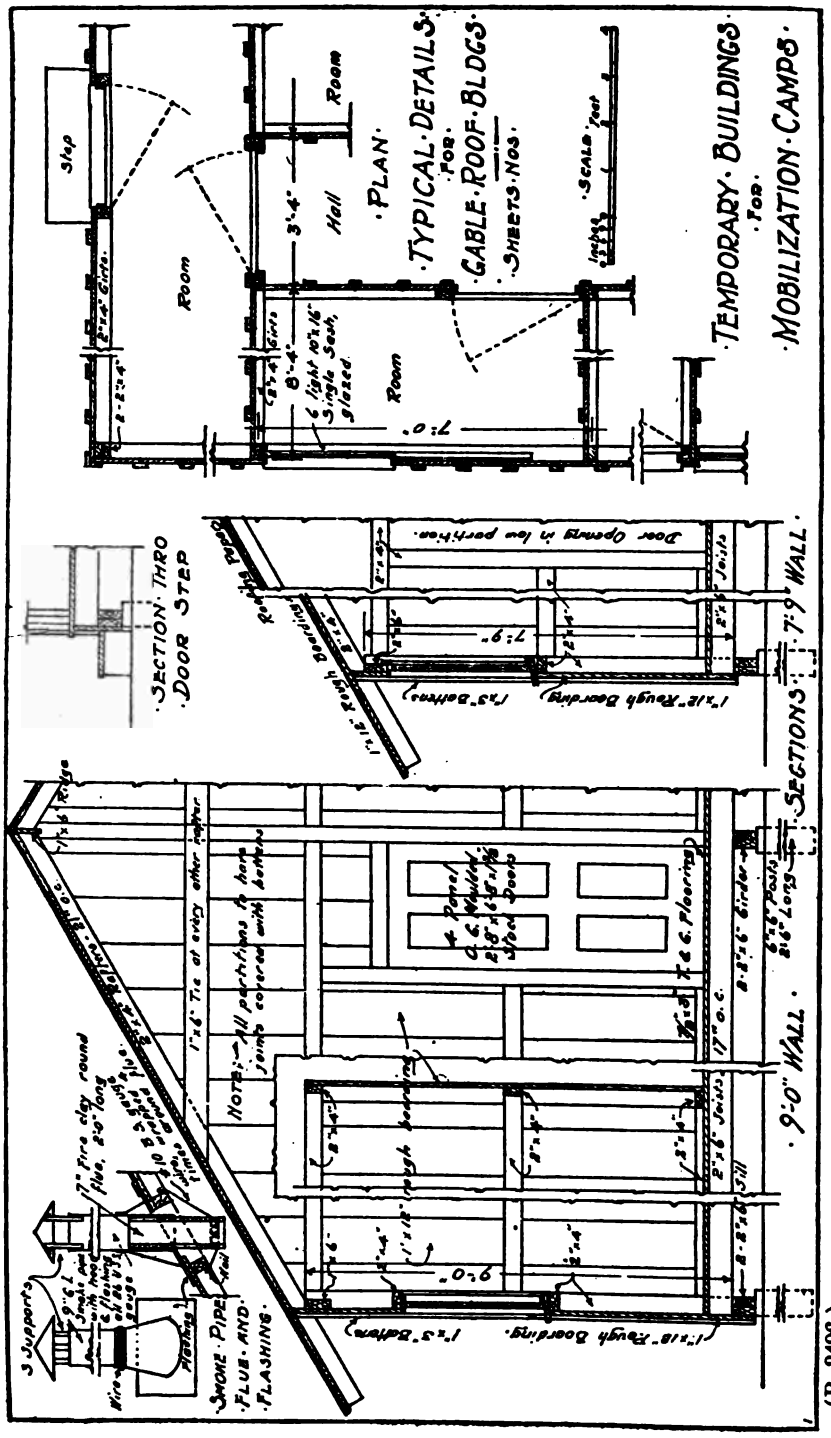
(Manual for the Quartermaster Corps, 1916.)

TEMPORARY BUILDINGS FOR MOBILIZATION CAMPS.

1. Typical details for gable-roof buildings.
2. Officers' quarters, large.
3. Officers' quarters, small.
4. Barrack, noncommissioned officers and detachment.
5. Barrack, enlisted men.
6. Mess building.
7. Kitchen.
8. Latrines.
9. Bathhouse.
10. Administrative building.
11. Guardhouse.
12. Storehouse.
13. Hospital.
14. Ward building.
15. Post exchange.
16. Field bakery.
17. Shelter for animals.
18. Shelter for vehicles.

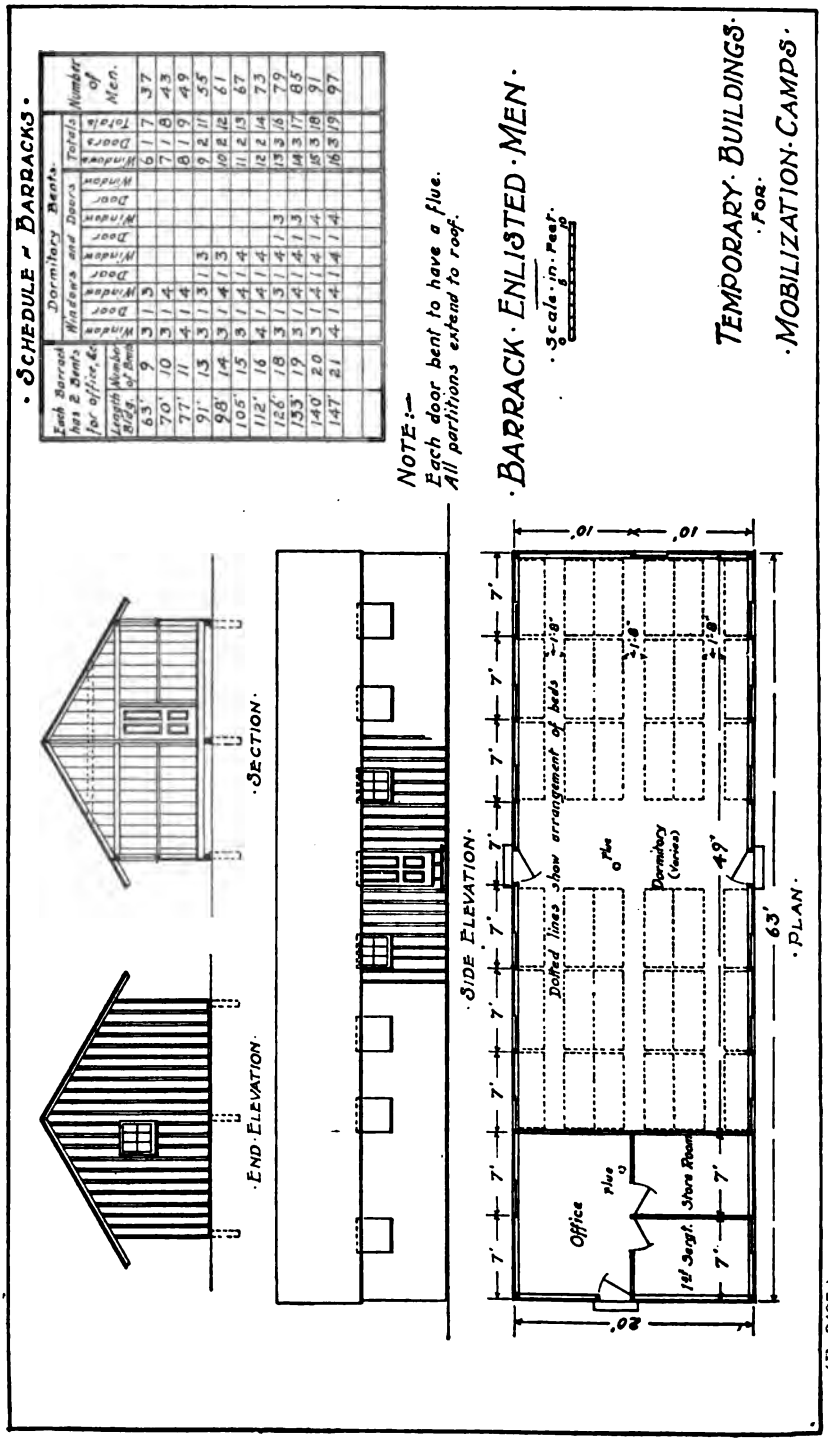
(P. 2495.)

EXHIBIT N. L. K. No. 1104.



(P. 2496.)

EXHIBIT N. L. K. No. 1105.



(P. 2497.)

EXHIBIT N. L. K. No. 1106.

Barracks, enlisted men.

Description.	Length of buildings.											
	63 feet.		70 feet.		77 feet.		91 feet.		98 feet.		105 feet.	
	Pieces.	Feet b. m.	Pieces.	Feet b. m.	Pieces.	Feet b. m.	Pieces.	Feet b. m.	Pieces.	Feet b. m.	Pieces.	Feet b. m.
Lumber:												
Foundation posts, 6 by 6 inches by 2 feet 6 inches	30	225	33	248	36	270	42	315	45	338	48	360
Sills, girders, and plates, 2 by 6 inches by 14 feet	36	504	40	560	44	616	52	728	56	784	60	840
Joists, plates, ends only, 2 by 6 inches by 10 feet	100	1,000	110	1,100	120	1,200	140	1,400	150	1,500	160	1,600
Rafters, 2 by 4 inches by 14 feet	74	666	82	738	90	810	106	954	114	1,026	122	1,098
Studs—												
Ends and high partitions, 2 by 4 inches by 14 feet	4	36	4	36	4	36	4	36	4	36	4	36
Sides and jambs, 2 by 4 inches by 8 feet	30	165	32	176	34	187	40	220	42	231	44	242
Girts—												
Sides and longitudinal partitions, 2 by 4 inches by 14 feet	12	108	13	117	14	126	16	144	17	153	18	162
Ends and cross partitions, 2 by 4 inches by 10 feet	13	85	13	85	13	85	13	85	13	85	13	85
Boards—												
Sides and partitions, 1 by 12 inches by 8 feet	138	1,104	153	1,224	168	1,344	198	1,584	213	1,704	228	1,824
Ends and high partitions, 1 by 12 inches by 12 feet	49	588	49	588	49	588	49	588	49	588	49	588
Ends, partition, and roof, 1 by 12 inches by 14 feet	172	2,408	187	2,618	202	2,828	232	3,248	247	3,458	262	3,668
Ridge, tiebeams, and window sills, 1 by 6 inches by 14 feet	35	245	39	273	43	301	50	350	54	378	58	406
Batten—												
Sides and partitions, 1 by 3 inches by 8 feet	154	308	170	340	186	372	218	436	234	468	250	500
Ends and high partitions, 1 by 3 inches by 10 feet	28	70	28	70	28	70	28	70	28	70	28	70
Ends and partitions, 1 by 3 inches by 14 feet	56	196	56	196	56	196	56	196	56	196	56	196
Stop beads, for doors and windows, ½ by 1½ inches by 12 feet	39	78	43	86	47	94	54	108	58	116	62	124
Tongued-and-grooved flooring, ⅞ by 3 inches	.....	1,512	.....	1,680	.....	1,848	.....	2,184	.....	2,352	.....	2,520
Total	970	9,298	1,052	10,135	1,134	10,971	1,298	12,646	1,380	13,483	1,462	14,319
Miscellaneous items:	*Quantity.*		*Quantity.*		*Quantity.*		*Quantity.*		*Quantity.*		*Quantity.*	
7-inch fire clay, round flue, 2 feet long	2	.....	2	.....	2	.....	3	.....	3	.....	3	.....
9-inch galvanized-iron smoke pipe (No. 26, United States standard gauge) as per detail	2	.....	2	.....	2	.....	3	.....	3	.....	3	.....
1-pound No. 10 Brown & Sharpe gauge wire for each flue, pounds	2	.....	2	.....	2	.....	3	.....	3	.....	3	.....
6-light, 10 by 16 inches, single sash, glazed	16	.....	18	.....	20	.....	22	.....	24	.....	26	.....
3-inch hook and eye (1 for each sash)	16	.....	18	.....	20	.....	22	.....	24	.....	26	.....
2 feet 8 inches by 6 feet by 8 inches by 1¾ inches, 4-panel O. G. molded doors	5	.....	5	.....	5	.....	7	.....	7	.....	7	.....
4½ by 3½ inch rim lock, mineral knobs, screws, complete	5	.....	5	.....	5	.....	7	.....	7	.....	7	.....
8-inch T hinges, with screws (2 to each door)	10	.....	10	.....	10	.....	14	.....	14	.....	14	.....
16-penny nails (framing) pounds	51	.....	55	.....	60	.....	69	.....	73	.....	78	.....
6-penny nails (flooring, boarding, and roofing) do	52	.....	57	.....	63	.....	74	.....	79	.....	85	.....
3-penny nails (battens and stop beads) do	29	.....	32	.....	34	.....	39	.....	42	.....	44	.....
Roofing paper (108-foot rolls, nails, caps, etc., complete) rolls	18	.....	20	.....	22	.....	26	.....	28	.....	30	.....
Approximate cost	$517	.....	$560	.....	$602	.....	$704	.....	$746	.....	$798	.....

Description.	Length of buildings.									
	112 feet.		126 feet.		133 feet.		140 feet.		147 feet.	
	Pieces.	Feet b. m.	Pieces.	Feet b. m.	Pieces.	Feet b. m.	Pieces.	Feet b. m.	Pieces.	Feet b. m.
Lumber:										
Foundation posts, 6 by 6 inches by 2 feet 6 inches	51	383	57	428	60	450	63	473	66	495
Sills, girders, and plates, 2 by 6 inches by 14 feet	64	896	72	1,008	76	1,064	80	1,120	84	1,176
Joists, plates, ends only, 2 by 6 inches by 10 feet	170	1,700	190	1,900	200	2,000	210	2,100	220	2,200
Rafters, 2 by 4 inches by 14 feet	130	1,170	146	1,314	154	1,386	162	1,458	170	1,530
Studs—										
Ends and high partitions, 2 by 14 inches by 14 feet	4	36	4	36	4	36	4	36	4	36
Sides and jambs, 2 by 4 inches by 8 feet	46	253	52	286	54	297	56	308	58	319
Girts—										
Sides and longitudinal partition, 2 by 4 inches by 14 feet	19	171	21	189	22	198	23	207	24	216
Ends and cross partition, 2 by 4 inches by 10 feet	13	85	13	85	13	85	13	85	13	85
Boards—										
Sides and partitions, 1 by 12 inches by 8 feet	243	1,944	273	2,184	288	2,304	303	2,424	318	2,544
Ends and high partitions, 1 by 12 inches by 12 feet	49	588	49	588	49	588	49	588	49	588
Ends, partition, and roof, 1 by 12 inches by 14 feet	277	3,878	307	4,298	322	4,508	337	4,718	352	4,928
Ridge, tiebeams, and window sills, 1 by 6 inches by 14 feet	62	434	69	483	73	511	77	539	81	567
Battens—										
Sides and partitions, 1 by 3 inches by 8 feet	266	532	298	596	314	628	330	660	346	692
Ends and high partitions, 1 by 3 inches by 10 feet	28	70	28	70	28	70	28	70	28	70
Ends and partitions, 1 by 3 inches by 14 feet	56	196	56	196	56	196	56	196	56	196
Stop beads, for doors and windows, ½ by 1½ inches by 12 feet	66	132	73	146	77	154	81	162	85	170
Tongued-and-grooved flooring, ⅞ by 3 inches	.....	2,688	.....	3,024	.....	3,192	.....	3,360	.....	3,528
Total	1,544	15,156	1,708	16,831	1,790	17,667	1,872	18,504	1,954	19,340
Miscellaneous items:	*Quantity.*		*Quantity.*		*Quantity.*		*Quantity.*		*Quantity.*	
7-inch fire clay, round flue, 2 feet long	3	.....	4	.....	4	.....	4	.....	4	.....
9-inch galvanized iron smoke pipe (No. 26, United States standard gauge) as per detail	3	.....	4	.....	4	.....	4	.....	4	.....
1 pound No. 10 Brown & Sharpe gauge wire for each flue ..... pounds	3	.....	4	.....	4	.....	4	.....	4	.....
6-light 10 by 16 inch single sash, glazed	28	.....	30	.....	32	.....	34	.....	36	.....
3-inch hook and eye (1 for each sash)	28	.....	30	.....	32	.....	34	.....	36	.....
2 feet 8 inches by 6 feet 8 inches by 1¾-inches, 4-panel O. G. molded door	7	.....	9	.....	9	.....	9	.....	9	.....
4½ by 3½ inch rim lock, mineral knobs, screws, complete	7	.....	9	.....	9	.....	9	.....	9	.....
8-inch T hinges with screws (2 to each door)	14	.....	18	.....	18	.....	18	.....	18	.....
16-penny nails (framing) ..... pounds	82	.....	91	.....	96	.....	100	.....	105	.....
6-penny nails (flooring, boarding, and roofing) ..... do	90	.....	101	.....	107	.....	112	.....	118	.....
3-penny nails (battens and stop beads) ..... do	47	.....	52	.....	54	.....	57	.....	59	.....
Roofing paper (108-foot rolls, nails, caps, etc., complete) ..... rolls	32	.....	36	.....	38	.....	40	.....	42	.....
Approximate cost	$839	.....	$941	.....	$983	.....	$1,024	.....	$1,077	.....

(Pp. 2498–2499.)

(Extract from Federal Trade Commission report on the cost of producing lumber:)

The tables submitted herewith show that during June, 1917, the cost of producing yellow-pine lumber, including stumpage, but not selling, for the 21 mills covered, ranged from $12.66 to $21.30 per thousand board feet. The average cost was about $15.50. The range of costs on Douglas fir lumber, including a large proportion of timbers, for the mills covered by the commission's tables was from $14.79 to $19.54 per thousand. The average was $16.47. (P. 2501.)

This report (pp. 2500–2506) shows other items relative to the cost of lumber production during 1917 and 1918.

* * * * * * *

CRANE CO.,
Washington, D. C., October 13, 1919.

Hon. JOHN C. MCKENZIE,
Washington, D. C.

DEAR SIR: In accordance with your subpœna of October 10, 1919, you will find attached a copy of original proposal, dated June 21, 1917; copy of original supplemental proposal, dated June 28; copy of original acceptance by the Quartermaster Corps, War Department, June 29, 1917.

When quotation of June 21, 1917, was submitted it was found to contain wording which was not considered by the Quartermaster Corps at that time essential, and we were then requested verbally to submit a more condensed quotation than that of June 21, 1917. In accordance with this request the wording of this quotation was condensed as per copy attached of June 28; prices, however, were not changed.

If it is your wish to secure the original letter of acceptance, dated June 29, 1917, this has been filed with correspondence to the Auditor of the Treasury Department, Washington, D. C. With this original was filed a copy of the proposal. We, of course, are not in a position to furnish you with the original proposal, inasmuch as this was forwarded to the Quartermaster Corps, War Department.

We trust that the papers submitted will answer the purpose for which they are required.

Yours, truly,

CRANE, CO.,
C. P. L. MORAN,
Local Manager.

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER GENERAL OF THE ARMY,
Washington, June 29, 1917.

No. 617.6–CR–MT (General).
From: Officer in charge of cantonment construction.
To: Crane Co., 1221 Eye Street NW., Washington, D. C.
Subject: Confirmation of agreement on plumbing materials.

1. Your letter of June 28, submitting proposition for handling materials for plumbing required inside of buildings for the 16 cantonments to be erected in the various parts of the United States for the National Army is acknowledged.

2. This office wishes to notify you that your proposition is accepted.

By authority of the Secretary of War.

I. W. LITTELL,
Colonel, Quartermaster Corps,
In Charge of Cantonment Construction.

R. E. HAMILTON,
Major, Quartermaster Reserve Corps.

JUNE 28, 1917.

Maj. R. E. HAMILTON,
United States Reserve Corps,
War Department, Office of the Quartermaster Corps, Washington, D. C.

GENTLEMEN: We respectfully submit the following proposition in connection with the furnishing of all material for plumbing in the 16 cantonments to be erected in various parts of the United States for the National Army.

We will furnish all plumbing goods and roughing materials of every nature for installation of plumbing complete inside the various buildings upon the following terms:

Goods will be secured by us from various reputable manufacturers, who will make the desired shipments at the minimum prices. We have obtained competitive bids from the various manufacturers; low bids to be accepted subject to the approval of your office. We to furnish such goods as manufactured by us in accordance with our proposal of June 21, which we guarantee to be as low in price, if not lower than any competitive bids received, based on equal quality and construction. All materials are to be invoiced to the contractors for the respective cantonments as agents for the United States Government, payments to be made within 30 days from date of invoice and bill of lading; we allowing 2 per cent cash for payment of invoices 10 days from date. For labor of mobilizing, handling, assembling, and shipping of materials, we will be paid a commission of 5 per cent on the net cost of the materials.

In event that it should become necessary, and we are instructed by the War Department or their agents (the contractors), to furnish any materials from any of our branch house stock, we are to receive for same 20 per cent beyond the current cost price of the goods, f. o. b. the branch on the date of the receipt of the order.

All materials are to be bought f. o. b. shipping point and shipped at the Government rate of freight, we not to advance any carrying charges.

It is understood that the Crane Co. will not be responsible for shortages and breakage in transit. In behalf of the Government, we will take up with the manufacturer any shortages claimed, or in case of breakage with the transportation company; all shipments to be carefully checked at destination before receipt given transportation company, contents to be checked promptly on receipt of goods,

Yours, very truly,

CRANE CO.,
Per W. H. FRANKLIN,
Manager Government Department.

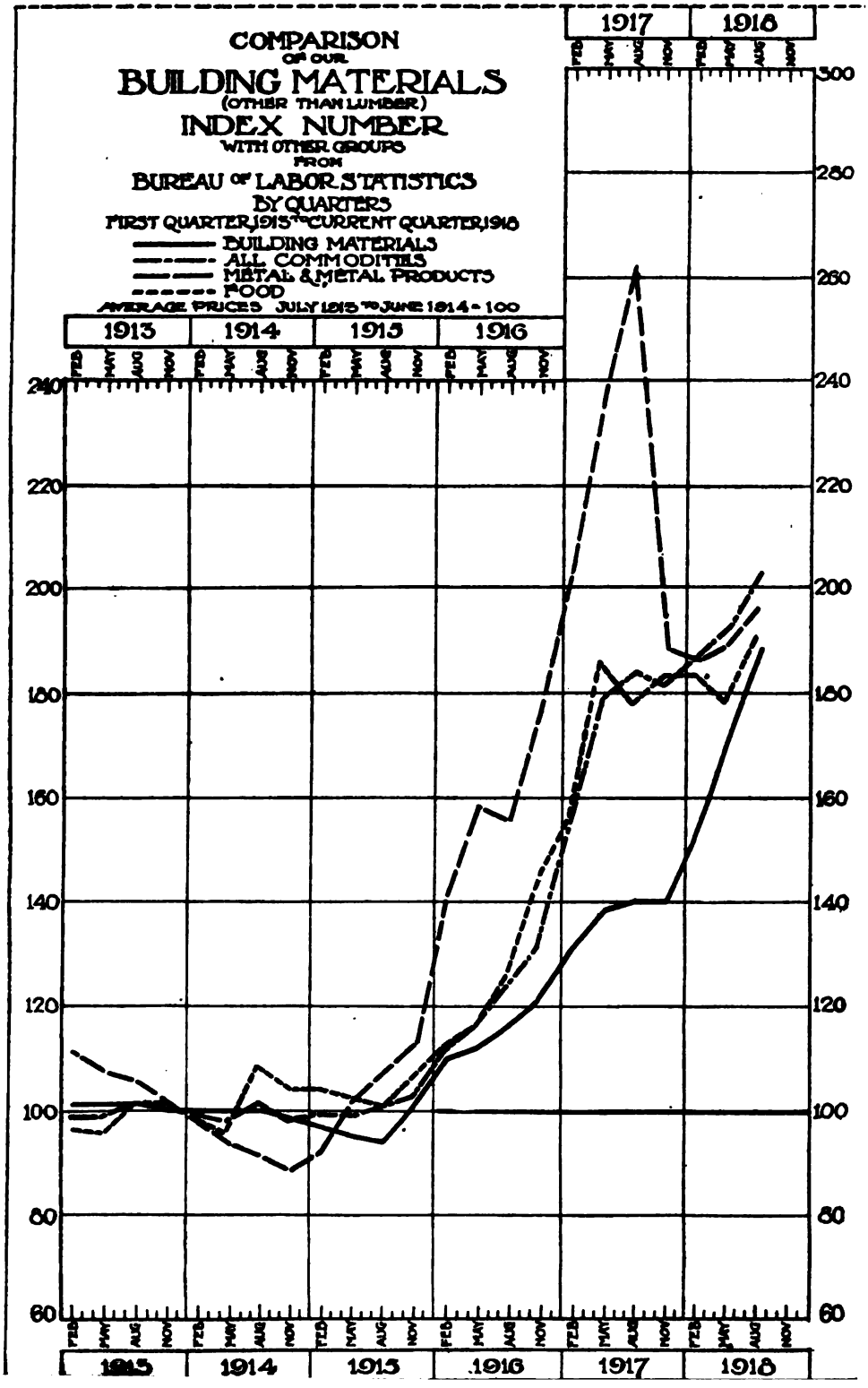
(P. 2506–2507.)

Attached to the above at pages 2508–2510 is the schedule of prices and specifications.

Mr. CHANTLAND. I now wish to offer in evidence a page from the Price Fixing Bulletin, "Market prices of commodities under control, Building Materials," November, 1916, No. 6, from the price section, Division of Planning and Statistics, War Industries Board, and ask to have it printed in the record.

It shows the range in prices of all building materials in a combined list for 1916, as well as several other commodities. I wish this to be known as Exhibit N. L. K. 1110 (p. 2510).

EXHIBIT N. L. K. No. 1110.



Mr. CHANTLAND. We next offer in evidence the letters referred to by Admiral Harris, in his letter to the chairman of this committee, printed at page 1145 of the record, with the statement that, as the committee understood it, the committee on standardizing percentage contracts, referred to in the memorandum of Commander C. D. Thurber, was the interdepartmental committee that was considering the contracts. We desire to have printed both the memorandum and the report attached from the Bureau of Yards and Docks, signed by Admiral Harris, and sent to the committee on emergency construction of buildings and engineering work. We desire these to be identified as Exhibits N. L. K. 1111, and N. L. K. 1112, respectively.

(The documents referred to above are copied in the record in full, as follows:)

EXHIBIT N. L. K. No. 1111.

MAY 5, 1917.

Memorandum for files.

Notes on meeting before the committee on standardizing percentage contracts, held at 10 o'clock a. m. in the State, War, and Navy Building, Friday, May 4, 1917.

1. The following principal matters were discussed in this meeting: (*a*) The amount of percentage and the matter of penalty under contracts; (*b*) the matter of subcontractors' percentage. It seemed to be the general consensus of opinion that in view of the fact that only contractors of very high grade, of large experience, and full equipment are to be called on for such contracts, that it was unwise to arrange for a penalty. It seemed to be felt that it was to the contractor's advantage to complete the work as early as possible and thus be able to apply his plant to other work; and that the onus of failure to complete the work on time or the possible cancellation of the contract was sufficient incentive to any reputable contractor to expedite and complete the work in the time agreed.

2. With regard to percentages on subcontract work the argument was presented that at best the payment to a contractor on the basis of percentage is an illogical manner of payment, and that when we attempt to differentiate between one part of the contract cost and another part of the contract cost we are reasoning on a false basis and further complicating the handling of the work. It seemed to be the consensus of opinion that percentages should be paid as follows:

	Per cent.
For work up to $100,000	10
For work up to $250,000	8
For work up to $500,000	7½
For work which exceeds $500,000	7

C. D. THURBER.

EXHIBIT N. L. K. No. 1112.

MAY 7, 1917.

From: Bureau of Yards and Docks.

To: Committee on Emergency Construction of Buildings and Engineering Works.

Subject: Comment on recommendations of the above committee relative to uniform contracts on the basis of cost-plus percentage.

Reference: Report of the Committee on Emergency Construction of Buildings and Engineering Works to the Council of National Defense, dated May 3, 1917.

1. The bureau concurs in general with the conclusions reached and the recommendations made by the Committee on Emergency Construction of Buildings and Engineering Works as contained in the above-referenced report of the Committee to the Council of National Defense. It might be stated that the bureau has already made a number of emergency percentage contracts.

2. The bureau is unable to agree, however, in the recommendations of the committee in regard to (*a*) the omission of damages for delay under these con-

tracts, (*b*) the payment of the full percentage on subcontract work, and (*c*) the amount of the bond.

(*a*) *Liquidated damages for delay.*—The most important element in all such contracts under this bureau, and presumably under other departments, is the element of time. This element of time is in most cases more important than the element of cost. If no penalty or assessment of liquidated damages for delay is provided in the contract the Government will have no redress against the contractor who is dilatory, except that of cancellation of the contract, and this redress is unsatisfactory in that it would result in further delay. The provision for assessment of damages for delay is considered most important. Unless such penalty is provided there will be every incentive for a contractor to name a time of completion shorter than the conditions justify, with the hope of thereby securing more favorable consideration than that of his more conscientious competitor, and after the award of the contract taking advantage of the difficulty which the Government would experience in canceling the contract and reletting the same in case of unsatisfactory progress. The bureau feels constrained to emphasize the importance, from its point of view, of the inclusion of a suitable clause which will provide for a fairly heavy penalty for delay.

In this connection it is to be borne in mind that in the great majority of contracts under the cognizance of this bureau the character and extent of the work are fairly definitely known, and therefore the element of risk in naming a satisfactory time of completion in advance is largely eliminated.

It has been the custom of this bureau on lump-sum or unit-price work to stipulate a penalty representing a fair rental value of the structure, and in comparing bids in competition to take the lowest time offer and evaluate and prepare other bids by adding to each price bid an amount representing the additional time bid on at per diem penalty. On all of these contracts where expedition is desired a bonus is being offered, in some cases in excess of the penalty, while on the percentage emergency contracts a penalty is being called for and no bonus is being offered, because the cost of expediting is paid for by the Government, represented in the cost of the work, and therefore no further incentive would appear necessary. The principal element justifying the Government in making emergency contracts on a cost-plus percentage basis is the time element, so that in this bureau's opinion where a contractor obtaining an emergency contract does not deliver the work within the time he should be deprived in part and proportion to his profit if he failed to live up to the really essential and competitive part of the contract.

(*b*) *Subcontracts.*—It is considered advisable to recommend a lower percentage for subcontract work than that suggested by the committee. On many of the contracts under the cognizance of the bureau, a contractor would secure an unduly high payment in proportion to the organization and plant involved if the full percentage is allowed on subcontract work. For example, on several of the contracts under the cognizance of this bureau for emergency construction of buildings, the proportional part of subconstract work will run as high as from 75 to 85 per cent of the total amount of money involved. This high percentage of subcontract work is explained by the fact that many of the buildings are of the steel factory type, involving a very large proportional cost for structural steel. Ordinarily, such structural steel would be subject by the principal contractor to a large steel concern, such as the American Bridge Co., or the McClintic-Marshall Co., which subcontract would include fabrication and erection of the steel at the site. It is evident that on a job of this character, payment of 10 per cent in full to the principal contractor would be excessive, and as a proof that this is so on all unit-price work that has been let, the addition to the price of, say, structural steel, a large element of subcontract work, is never as high as 10 per cent. In fact, it is usually from 1 to 3 or 4 per cent. The bureau would be willing to allow 5 per cent on subcontract work, but on any percentage above this would separate its contracts, especially for structural steel erected. In the same way for the reason given, on this bureau's work 10 per cent is considered a reasonable profit on all work done by the contractor irrespective of the amount involved on account of the clause which allows him only 5 per cent on work that he does not perform, but only acts as broker or manager thereon. (Harris, pp. 2510–2513.)

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Exhibits Nos. 1113 and 1114 (2514) show that $50,000 was allotted for the construction of the rifle range at Camp Sherman.

EXHIBIT N. L. K. No. 1115.

General Orders, No. 49.

WAR DEPARTMENT,
Washington, April 28, 1917.

I. The following War Department orders are published to the Army for the information and guidance of all concerned:

WAR DEPARTMENT,
Washington, D. C., April 12, 1917.

Orders:

1. It is hereby declared that an emergency exists within the meaning of section 3709, Revised Statutes, and other statutes which except cases of emergency from the requirement that contracts for and in behalf of the Government shall only be made after advertising, as to all contracts under the War Department for the supply of the War Department and the supply and equipment of the Army and for fortifications and other works of defense; and until further ordered such contracts will be made without resort to advertising for bids in the letting of the same.

2. Where time will permit, information will be given to the munitions board constituted by the National Council of Defense, through the supply of bureaus' representative, of orders to be made for supplies, with the view of assistance from the board in placing the orders and in order that the supplies of the War Department may be coordinated with those of the Navy and other executive departments and secured at prices not in excess of those paid by other departments.

3. It is to be understood, however, that the responsibility of the several supply bureaus for promptly supplying the needs of the Army must be recognized; and where time will not admit of the delay involved in consulting the munitions board the supply bureaus will retain their present initiative in contracting without reference to the board.

NEWTON D. BAKER, *Secretary of War.*

(Pp. 2514–2515.)

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EXHIBIT N. L. K. No. 1116.

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTION DIVISION OF THE ARMY,
Washington, D. C., October 4, 1919.

Hon. JOHN C. MCKENZIE.
Chairman Subcommittee No. 2,
House of Representatives, Washington, D. C.

MY DEAR SIR: Your letter of September 24 to the Secretary of War asking that your committee be advised whether General Order No. 49 of April 12, 1917, was intended to and did cover the construction of camps and cantonments, has been referred to this office for reply.

You are advised that General Order No. 49 of April 12, 1917, did apply to the original construction of the camps and cantonments. That order has now been superseded by the act approved July 9, 1918 (Public No. 193, 65th Cong., H. R. 1228), page 37.

No order modifying the General Order No. 49 of April 12, 1917, has been issued.

Very respectfully,

EVAN SHELBY,
Colonel, Quartermaster Corps, Acting Chief of Construction Division.

Mr. CHANTLAND. We next offer in evidence extract from Army Regulations, No. 59, dated August 10, 1917, which is still a part of the Army regulations of the United States Army, and ask to have it printed.

521. No person in the military or civil service under the War Department will act as an agent of the United States in advising, recommending, making, or approving the purchase of supplies or other property, or the procurement of services for the Military Establishment, or in contracting with respect

thereto, under which purchase, procurement, or contract he would be admitted to share or receive, directly or indirectly, any pecuniary profit or benefit. If such person finds that his duties require him to act as agent of the United States in a matter from which he may derive financial profit, he will report the facts immediately to proper authority and will be relieved from such duties. (C. A. R. No. 59. Aug. 10, 1917.) (Pp. 2515–2516.)

* * * * * * *

SEC. 41. No officer or agent of any corporation, joint-stock company, or association, and no member or agent of any firm, or person, directly or indirectly interested in the pecuniary profits or contracts of such corporation, join-stock company, association, or firm shall be employed or shall act as an officer or agent of the United States for the transaction of business with such corporation, joint-stock company, association, or firm. Whoever shall violate the provision of this section shall be fined not more than $2,000, and imprisoned not more than two years. (The Criminal Code of the United States, p. 2516.)

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EXHIBIT N. L. K. No. 1118.

HENRY ERICSSON CO., GENERAL CONTRACTORS,
Chicago, December 16, 1919.

Hon. WILLIAM T. CHANTLAND,
Council for Subcommittee No. 2,
Select Committee on Expenditures in the War Department,
House Office Building, Washington, D. C.

DEAR SIR: In answer to your letter of November 29, we beg to offer the following information relative to construction work at Camp Grant, Rockford, Ill.:

First. Names and positions occupied previous to beginning contract of persons previously connected with this company:

	Position.	Salary per year previously.	Present salary being paid by this company.
Henry Ericsson	President		
Walter H. Ericsson	Treasurer		
Martin Larson	Superintendent	$2,600	$3,600
Peter Warner	do	2,600	3,600
Charles Wenkert	do	2,080	(1)
Gunar Goranson	Labor foreman	1,600	[2] 2,600
Ernest Johannisson	Estimator	1,500	2,400

[1] Not now in employ. [2] Approximately.

Second. Capacity in which each of the above acted at Camp Grant, etc.:

	Capacity.	Salary per month.	Present salary being paid by us.
Henry Ericsson	General contractor	(1)	
Walter H. Ericsson	do	(1)	
Martin Larson	Assistant general superintendent	$300	$300
Peter Warner	Assistant superintendent	250	300
Charles Wenkert	Labor superintendent	225	(2)
Gunar Goranson	Team superintendent	225	[3] 50
Ernest Johannisson	Estimator	190	200

[1] No salary. [2] Not in employ. [3] Per week with overtime.

All of the above-named persons, carried on pay roll on this contract, devoted their entire time to the work and worked considerable overtime, for which they drew no pay.

Third. Persons employed in the construction work in a supervising or directing capacity.

	Capacity.	Salary rate per month.	When and where obtained.
Chas. H. Anderson	Carpenter superintendent	$250	Mar. 4, 1918, Chicago.
H. E. Kavanagh	Electric superintendent	250	May 4, Chicago.
Oscar Milburn	Concrete superintendent	175	June 8, Rockford, Ill.
Chas. G. Ericsson	Road superintendent	225	Mar. 4, Chicago.
W. C. Crowley	Pay-roll clerk	125	Oct. 10, 1918, Chicago.
G. E. Baker	Invoice clerk	125	Sept. 27, 1918, Chicago.
Al Swan	Pay-roll clerk	175	
N. C. Durrance	Auditor and office manager	225	Mar. 4, 1918, Detroit, Mich.
H. M. Powell	Pay-roll clerk	125	Sept. 21, Rockford, Ill.
Paul P. Hardman	Chief timekeeper	150	June 8, 1918, Chicago.
H. M. Lindsay	Pay-roll cashier	170	Do.
Alvin Ross	Chief pay-roll clerk	150	Do.
B. A. Benson	Chief clerk	175	Sept. 27, Chicago.
T. F. O'Connor	Stenographer	125	Oct. 8, Chicago.
Henry C. Stern	Pay-roll clerk	125	Do.
Thos. R. Barry	do	125	Do.
G. H. Thomas	do	125	Chicago.
L. A. Hartwell	Progress and inventory	175	Do.
A. C. Gray	Employment manager	125	Rockford.
Wm. F. Burfiend	Purchasing agent	190	Chicago.
H. McKay	Pay-roll ledger clerk	125	Do.
W. R. Brown	Traffic manager	175	Do.
Joseph Strayve	Assistant sewer and water pipe superintendent.	200	Oct. 8, Aurora, Ill.
H. Fieldman	Stenographer and post-office clerk	125	Oct. 9.
G. H. Taubert	Pay-roll clerk	125	Oct. 8.
Edw. H. Kelly	Stenographer	125	Davenport, Iowa.
E. Tietgen	Invoice clerk	150	Chicago.
O. Peterson	Assistant carpenter superintendent	250	Do.
Thorwald Neilson	do	250	Do.
Chas. Rodene	do	250	Do.
Herman Slottag	do	250	Do.
Ed. J. Millard	do	250	Do.
Henry Boege	do	250	Do.
E. T. Speck	do	250	Rockford, Ill.
John Poole	do	250	Chicago.
G. H. House	Pay-roll clerk	125	
W. C. Morrison	Stenographer	125	Sept. 17, Chicago.
A. C. Winslow	Assistant carpenter superintendent	250	Sept. 19, Rockford, Ill.
Olaf Olson	do	250	Sept. 19, Chicago.
Geo. Salley	Post-office and file clerk	100	Sept. 21, Rockford, Ill.
John Owens	do	100	Oct. 14.
H. J. Annas	Pay-roll clerk	125	Sept. 23, Chicago.
R. B. Frolick	Assistant pay-roll cashier	150	Sept. 24, Chicago.
S. E. Robert	Stenographer	125	Sept. 30, Chicago.
E. H. Hondl	Pay-roll clerk	125	Oct. 13.
Frank A. McGurn	Assistant carpenter superintendent	250	Oct. 3, Chicago.
E. B. Patterson	Road foreman	175	Oct. 12.
Charles A. Burke	Assistant team foreman	175	Oct. 14.
C. L. Johnson	Pay-roll clerk	125	Do.
Geo. W. Donavin	do	125	Oct. 14, Chicago.
C. B. Morris	do	125	Oct. 15.
H. D. Sherman	Stenographer	125	Chicago.
H. A. Stockholm	Commissary manager	200	Do.
I. F. Wilder	Stenographer	125	Oct. 30, Chicago.
John A. McCann	Bookkeeper	185	Oct. 29, Chicago.
H. J. Portman	Pay-roll clerk	125	Oct. 29.
Otto Milburn	Concrete foreman	175	Oct. 28, Rockford.
J. M. Brady	Accountant	150	Oct. 28.
C. Jensen	File and stationery clerk	100	Oct. 27, Rockford.
Cabot Kendall	Stenographer	125	Oct. 31, Chicago.
H. K. Legg	Pay-roll clerk	125	Oct. 17, 1918.
Roy A. Novern	do	125	Oct. 16.
H. G. Landin	Material receiving clerk	125	Oct. 25.
P. L. Mitchell	Stenographer	125	Do.
F. E. McCormick	do	125	Oct. 30.
John M. Eagan, jr	Sewer and water pipe superintendent	200	Oct. 16, Aurora, Ill.
Harry Sidley	Road foreman	225	Oct. 24, Chicago.
Leon Whitmore	Assistant labor superintendent	175	Oct. 22, Rockford.
Edw. Kennedy	Labor foreman	175	Oct. 22.
Bert E. Bongartz	Stenographer	125	Oct. 23.
J. F. Larson	Assistant team foreman	160	Oct. 24, Rockford.
Frank S. Lowe	Stenographer	125	Chicago.
Robert McMahon	Pay-roll clerk	125	Oct. 28.
Hyman Weiner	Invoice clerk	125	Oct. 25.
E. E. Barnes	Pay-roll clerk	125	Do.
Oscar Thielman	do	125	Do.
C. J. Rice	do	125	Do.
W. C. Crowley	Material clerk	125	Oct. 26, Chicago.
Jar R. Paul	Grade foreman	175	Nov. 1, Aurora.
Robt. Barber	Invoice clerk	125	Nov. 9.

	Capacity.	Salary rate per month.	When and where obtained.
D. W. Curtin	Grading foreman	$175	Nov. 15.
Wm. L. Mulcahy	Pay-roll clerk	125	Nov. 1, Chicago.
Harold E. Walcott	Invoice clerk	125	Nov. 14, Rockford.
A. R. Johnson	Labor foreman	175	Nov. 14.
Harry Slott	Pay-roll clerk	125	Nov. 11.
Frank M. Britt	Grade foreman	175	Nov. 5.
J. S. Carpenter	Master mechanic	200	Nov. 9.
Wm. Stern	Pay-roll clerk	125	Nov. 13.
John Ballort	do	125	Nov. 1.
Richard Salvia	Grade foreman	175	Nov. 1, Chicago.
Martin Stern	Pay-roll clerk	125	Nov. 6.
E. O. Van Buskirk	Superintendent water mains	[1] 10	Nov. 1, Seattle, Wash.
B. W. Stearns	Pay-roll clerk	125	Nov. 8.
D. T. Maloney	do	125	Do.
A. A. Haussner	do	125	Nov. 1.
Ed. A. Morrison	Pay-roll auditor	175	Nov. 4, Chicago.
E. A. Welling	Traffic manager	175	Nov. 21, Chicago.
C. C. Basett	Accountant	175	Nov. 24, Chicago.

[1] Per day.

Referring to the last question in this paragraph, we wish to advise that most of the employees were hired at our Chicago office and sent to the Camp Grant office from there. In some cases the labor expeditors arranged for the men, and the balance were those who applied for work on the job.

All of the men on pay roll at Camp Grant in our employ devoted all their time to said work. After receiving this contract from the Government our firm refused to figure and take on any other work so as to enable our organization to devote all of our time to the Camp Grant job.

Fourth. List of plant and equipment furnished by Henry Ericsson Co., not including equipment rented or purchased after contract was obtained:

Comptometer	$175.00
H. & E. check writer	25.00
Burroughs adding machine	148.75
No. 2 wheel scraper	35.00
Do	35.00
Do	35.00
Do	35.00
Do	35.00
Underwood billing machine, 20-inch carriage	100.00
Buick automobile	855.00
Dodge automobile	750.00
Engineer's transit and tripod	185.00
18-inch level and rod	134.00
Contractor's transit and tripod	185.00
20-foot breast derrick	50.00
18-foot pole derrick	47.30
Do	47.30
Gasoline pump	150.00
Underwood billing machine	75.00
Dalton adding machine	250.00
No. B. C. H. & B. portable saw	205.00
No. 2, C. H. & B. portable saw	356.00
C. H. & B. portable saw	285.00
Mimeograph	27.50
Ford delivery automobile	500.00
Hand pump	15.00
Do	15.00
Cropp concrete mixer	1,000.00
Burroughs adding machine	255.00

In addition to the above, a great many tarpaulins, picks, grubs, sledge hammers, chisels, etc., were shipped from both our Chicago yards and from our Detroit work.

Trusting that the above is the information you desire, we remain,

Very respectfully, yours,

HENRY ERICSSON CO.,
By HARRY ERICSSON, *President.*

(Pp. 2517–2519.)

* * * * * * *

D. W. McGrath & Sons,
General Contractors,
Columbus, Ohio, December 5, 1919.

Mr. Wm. T. Chantland,
Counsel for Subcommittee No. 2 of the Select Committee on Expenditures in the War Department, Washington, D. C.

Dear Sir: We herewith submit to you in detail the information requested by you, under date of November 29.

In order that you may fully understand our report, we desire to say that at the beginning of the original contract, which was in the latter part of November, 1917, the personnel of the organization of D. W. McGrath, at Camp Sherman, comprised but three men, who, among them, handled the entire details. Mr. Frank J. McGrath acted as the general superintendent, engineer, and estimator, Mr. J. C. Carroll assuming the details of the office, and Mr. Frank Westkamp that of general foreman. There were, of course, carpenter foreman, concrete foremen, road foremen, etc., under him, but, as you no doubt understand, the first contract was principally that of remodeling, building of the rifle range, construction of roads, warehouses, and twelve 2-story convalescent hospital barracks, and the work was done over a period of 12 months, the major portion being completed in 6 months. At the beginning of the contract of September 5, which was for the construction of quarters for 10,000 men, we were informed that this work was urgent and that the Government wanted it in three months. Owing to the magnitude of this work, it was necessary to increase our force, which we aimed to do in the most economical manner, and our organization, as listed under paragraph 3, was used on this latter contract.

During the entire time we were at work at Camp Sherman our Columbus office devoted but little time to private work, as at the time the contract of November 1, 1917, was awarded D. W. McGrath he had practically finished all pending work. Messrs. D. W. McGrath and E. H. McGrath spent considerable of their time in employing foremen, men, and expediting material to Chillicothe. Mr. F. J. McGrath acted as general superintendent only on the contract of November 1, 1917, as modified February 20, 1917, and with the contract of September 5, 1918, he was succeeded by Mr. Albert Carr as general superintendent. Mr. F. J. McGrath continued, however, in charge of the work, but solely as the representative of the contractors, by whom alone he was compensated.

Regarding paragraph 4 of your letter, we have listed the equipment and value thereof, and call attention to the fact that most of the equipment necessary on the contract of November 1, 1917, was furnished by the Government and on which the contractor received no fee. On the contract of September 5 we furnished but little equipment from our own sources, as most of the equipment that was used, and which the Government did not own, was ditching machines and steam shovels. These were rented from various sewer and excavating contractors.

Trusting that the information we have given you comprises all that you are seeking, and assuring you that any further information will be gladly given, we remain,

Yours, very truly,

D. W. McGrath & Sons.
By E. H. McGrath.

PARAGRAPH 1.

Name.	Position.	Salary.
F. J. McGrath	Engineer, estimator, and general superintendent	[1] $1,800
J. C. Carroll	Traffic expeditor	1,300
Frank Westkamp	General foreman	1,872

[1] With bonus equivalent to $4,500 per year.

PARAGRAPH 2.

Name.	Position.	Salary and by whom paid.	Time devoted.
F. J. McGrath	General superintendent.	$20 per day, on Government pay roll Nov. 28 to Mar. 6, 1918: $400 per month, Mar. 6 to Sept. 3, 1918.	All.
J. C. Carroll	Office manager	$50 per week, on Government pay roll	All.
Frank Westkamp	General foreman	$1 per hour, on Government pay roll	All.

Name.	Position.	Salary, by whom paid, and when obtained.	Where obtained.
Albert Carr	General superintendent	$750; $250 by McGrath, $500 by Government; October, 1918.	From own office.
C. H. John	Auditor	$250, Government, May 21 to Sept. 15, 1918; $250 Government, Sept. 15, 1918.	Do.
Walter Richter	Purchasing agent	$250, Government, September, 1918.	Bentley Co.
Walter Pellows	Architect and engineer	do	From own office.
F. W. McCann	Assistant superintendent	$350, Government, September, 1918.	Hunkin-Conkey.
F. C. Arn	Building superintendent	$250, Government, September, 1918.	Contractor.
C. J. Wetzel	Sewer superintendent	$350, Government, September, 1918.	Do.
S. P. Baird	Roads superintendent	$250, Government, May, 1918, to July 9	Do.
Do	Roads and railroads	$350, Government, Sept. 15, 1918.	Jennings-Lawrence & Lindsay, engineers.
J. A. Vaughn	Master mechanic	$250, Government, October, 1918.	
A. H. Mickey	Section foreman	do	D. W. McGrath.
H. E. Fosmaugh	do	$250, Government, January, 1918.	Bentley Co.
W. E. Gunther	do	$250, Government, October, 1918.	Contractor.

PARAGRAPH 4.

Equipment furnished on contract, Nov. 1, 1917:	
1 Rooter plow	$50.00
6 screw jacks, at $3	18.00
1 concrete hoist	100.00
1 storage hopper and spout	75.00
1 snatch block	7.50
12 turn buckles, at $3.50	42.00
2,018 feet steel cable, at 14 cents	282.50
Equipment furnished on contract, Sept. 5, 1918:	
1 vertical boiler, 25 horsepower	475.00
1 Scotch marine boiler, 30 horsepower	650.00
1 concrete mixer with elevator attachment	1,300.00
1 vulcan No. 2 pile driver hammer	850.00
1 guy derrick complete	1,225.00
4 portable saw table outfits with gas engines, at $450	1,800.00
4 wheel scrapers, at $50	200.00

(Pp. 2520–2521.)

* * * * * * *

EXHIBIT N. L. K. No. 1120.

For the moment the cost-plus contract has virtually ceased to exist in Federal public works practice. Until the congressional mind reacts to the different convictions of the building public, cost-plus contracts will not be restored. The public must be educated to the value of this contract. Note that this schooling must go beyond the engineer and the contractor to the owner. If all contractors advocated (and all do not) the cost-plus contract, and if all engineers, instead of comparatively few, were arrayed in its support, it would not be enough. Owners must be converted to the equalities of the fair-compensation contract before it will assume the position that it deserves in the construction industry. That we may not lose the gain secured by war construction, quick conversion is essential, but it can not be accomplished through the work of a few missionaries, no matter how full of the spirit they may be, or how capable they are as exhorters. It requires concerted effort. Organized contracting must enlist as the defender of the faith.

Mr. CHANTLAND. We next offer a photostatic copy of a telegram from Mr. Horowitz, president of the Thompson Starrett Co., to Barras, their representative here in Washington, dated August 9, 1918, and ask to have it printed in the record.

EXHIBIT N. L. K. No. 1121.

Following wire from Starrett: "Have wired Washington give you every consideration; advise taking matter up with Maj. C. Foster in full charge in my absence." Deliver for me following to Maj. Foster: "Col. Starrett advises me matter of allocating to us one of six contracts your committee now considering rests entirely with you. I sincerely hope that our performance Nitro, as testified to by Starrett following his visit there, together with fact our having at this time a large organization available, can be most advantageously used on a Government operation, will induce you select us for one of these operations." Keep me posted progress, as we must not fail to land one of these jobs.

HOROWITZ.

(Pp. 2521–2522.)

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EXHIBIT N. L. K. No. 1123.

NOVEMBER 6, 1919.

Mr. ROBERT W. GRANGE, Jr.,
Care of Thompson-Starrett Co.,
Insurance Exchange, Chicago, Ill.

DEAR SIR: I have been away from my desk for nearly two weeks, and return to find your letter of October 26. I do not know what disposition has been made of the Field Museum Building matter, but I assure you that I will do everything I can do consistently, because I do not believe it is advisable to have two contractors on the same site, especially under the circumstances that exist.

Yours, truly,

W. A. STARRETT,
Colonel, Quartermaster Corps.

Mr. CHANTLAND. We next offer in evidence a letter of James A. Miller, of the Frederick T. Ley Construction Co., to Maj. Starrett, committee of emergency construction, dated January 16, 1918, which we desire to have marked "Exhibit N. L. K. 1124," and printed in the record.

WILMINGTON, DEL., *January 16, 1918.*

Maj. W. A. STARRETT,
Committee of Emergency Corporation, Council of National Defense,
Washington, D. C.

MY DEAR BILL: As you perhaps already know, the Atlas Powder Co., Wilmington, have just completed their arrangements with the Ordnance Department whereby the Government will finance their new plant, the ground for which has not yet been selected. I already have my draftsmen at work on this job, and the above firm is going to recommend to the Government, which I suppose will be to you, that we be given this contract, and I know, of course, that, based on our past performances, their selection will be perfectly satisfactory to you and your committee.

I expect to be in Washington to-morrow and will call and see you.

The prospect referred to in this letter I have been working on for some little time, and this letter is just a confidential note to you as that you will know our standing in the matter when it is presented.

Won't you tell G. Starrett that I have been detained in Wilmington, but hope to arrive in Washington sometime Thursday, and let me know where I can get in touch with him.

I remain, sincerely,

JAMES A. MILLER.

(P. 2523.)

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EXHIBIT N. L. K. No. 1125.

NEW YORK, *January 24, 1918.*

Maj. WILLIAM A. STARRETT,
Chairman Emergency Committee, Council of National Defense,
Munsey Building, Washington, D. C.

Fox Hills Hospital.

MY DEAR BILLY: Following conferences with Maj. Myers, who has been appointed constructing quartermaster for Fox Hills, and in view of my talk with you over the telephone the other day, we are going ahead with the arrangements to put in the permanent spurs, providing office quarters, telephones, office equipment, etc., and are also arranging to do the necessary topographical work. I am not at all apprehensive about any more obstacles arising in connection with the signing of this contract, but we are naturally very anxious about the entire matter until the contract is signed.

I will be glad to come to Washington on telegraphic notice when the contract is ready for signature, and if anything should develop standing in the way of the contract being authorized I would be obliged if you would wire or telephone.

Yours, truly,

L. J. FISCHER,
Assistant to the President.

Mr. CHANTLAND. We next offer a telegram from L. Witherspoon, of the George A. Fuller Co., addressed to William Starrett, dated June 15, 1917, which we desire to have printed in the record, and which is marked "Exhibit N. L. K. No. 1126."

EXHIBIT N. L. K. No. 1126.

Local officer in charge Fort Riley work has sent report to Quartermaster General certifying that our organization now erecting initial cantonment for Riley is thoroughly equipped to handle the proposed large cantonment. Belden, one of the most efficient men in Fuller Co., has charge of this work and has work thoroughly organized and can increase men and equipment to meet any demand. Do not let this job get away from us, as I personally guarantee perfect service.

L. WITHERSPOON.
GEORGE A. FULLER CO.

(P. 2524.)

Mr. CHANTLAND. We also desire to have printed in the record some data furnished by the Federal Trade Commission, the figures reported to the commission by the Southern Commerce Association from 21 southern companies, showing the cost per thousand of lumber for the several months of 1917, as follows:

	Cost per thousand.		Cost per thousand.
January	$15.08	August	$16.29
February	15.91	September	17.57
March	15.34	October	17.66
April	15.18	November	18.75
May	15.04	December	21.75
June	16.25		
July	16.28	Total	16.5879

(P. 2524.)

Extracts from report of conversation between Maj. W. A. Starrett, chairman emergency construction committee, and Mr. Grosvenor B. Clarkson, secretary of the Council of National Defense, dated August 9, 1917 (pp. 2525–2537):

We saw right away that the machine would collapse; that it would not accomplish anything. So we went to the Munitions Board and said those

people should have to be taken out of there. We said this man has got to be left alone; he has to be taken out of the War Department, as it is no fit place for a man to try to do business. Get him space and some people around him. Scott said all right, we will get him out this afternoon; and he arranged it on the telephone with the Secretary of War to detach Col. Littell and move him out. Scott had some offices he was preparing for himself on the other side of the building, and right there on the telephone, while he was talking to the Secretary, he decided to move Littell into them. So he said, send him to the Munsey Building.

Accordingly, the next morning, Little was brought over with a mass of records and stuff. We had offices near him and that gave us a chance to get Littell off and look at him by himself. Immediately we commenced to see the great need for the finest kind of men we could get, so we reached into the big engineering organizations all over the country by wire and telephone——

QUESTION. When did you come in?

Maj. STARRETT. I came in on the 25th of April. This thing I am telling you about was the 10th of May. We had been on the job a couple of weeks. We got hold of big firms over the country and we asked them to send big men. We got Stone & Webster, George A. Fuller Co., and everybody else. So we got big men, men like Hamilton, Gunby, Wheaton, and I could go on with a list of 25 men who were earning $15,000 to $25,000 a year. We said to these concerns you have to give the people up; we are up against an emergency. Then and there, over about two days' and nights' solid conference work with all these people and taking their advice, we built a great big organization under Littell, and got his tacit consent to the thing (pp. 2525–2526).

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Through the functions of our committee contractors were recommended, contracts were let on a form of contract that was developed by this committee and, of course, sanctioned by the General Munitions Board. They (have given) gave out something over $175,000,000 worth of contracts on a thoroughly accurate and scientific basis. No loss other than——

QUESTION. Before you go further into that, will you sketch broadly the problems that confronted you when you started, as if they had never been stated?

Maj. STARRETT. I want to go gack and show you our first piece of work. When we came here, Scott's frame of mind toward us was as it would be toward a lot of chemists. He knew it was a problem and knew how it ought to be met, but did not knew the details. He said take this and solve it. That was the only possible conclusion you could draw from it. He knew cantonments were coming. He knew there was other building work. So we called the committee a name that we selected ourselves, Committee on Emergency Construction of Building and Engineering Works. Emergency is the keynote of the thing, because the Secretary of War had declared all building necessary for the war to be emergency work. It was a very wise declaration. I think you will find (it) in the records of the Government. It had to be because of the Government law requiring that plans should be drawn, bids and estimates taken, and certain formalities gone through, such as would have been the process in times of peace. So he declared the things that had to do with the war as emergency work (p. 2526).

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Cost plus: Cost plus 7 per cent does not mean that the contractor makes 7 per cent profit. It means that out of that 7 per cent he must bear his own overhead. I might say that we went exhaustively into the question of overhead with contractors. We invited here about a hundred contractors, I think, the leading contractors of the country, and talked to them at length about what we intended to do. We asked them what they thought about this

scheme that we were going over, and asked them what their overhead was. Of these hundred-odd contractors the average indicated that the overhead of a big contracting concern is about 3½ per cent. So if you say they get cost and 7 per cent, their profit would only be 3½ per cent taking the average (p. 2527).

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Among the contractors interviewed are the following, named by Maj. Starrett: Westinghouse, Church, Kerr, Stone & Webster, J. G. White, Bate, McMahon & Co., George A. Fuller Co., Mac Isaac & Cranford of General Contractors' Association, Walsh Constructing Co., James Stewart & Co., Gaylord Construction Co., and Lewis, Wiley & Morse (pp. 2527–2528).

QUESTION. Let me ask you now, looking at this matter from the standpoint of the public, what was your actual information of the reliability and standing of these men? Did you employ your own professional knowledge or did you supplement that knowledge by further investigation?

Maj. STARRETT. May I take that up as a separate point, because I have a great deal to say about that? I want now, without boring you on this thing, to go on with the report, because it is full of meaning and facts. I have just discussed percentages and read the paper. [Maj. Starrett here read the portion of the report relating to bonus and forfeiture.] This is one of the great bones of contention and one of the biggest misunderstandings in the contracting business. I think we are right, and I am supported by all my colleagues on this point and by all the contractors of the country whose opinions are worth while. It was argued back and forth, and it is still held no bonus or forfeiture ought to be put in. Suppose we give the man his contract and we agree if he gets the work done by the 1st of August we will pay him 7½ per cent, or a thousand dollars extra; or if he did not finish until after the 1st of August we will deduct so many thousand dollars a day from his earned percentage. Now, see the conditions that would confront you there. I think it is worth while discussing. When this cantonment work was designed we did not know what was going into them; we did not know where they were going to be. We did not know anything about the topography. We had only one theory to proceed on, and that was that the contractor should be a good, substantial concern near the selected site.

If we had that bonus in there, here is what would happen: It would be telling the contractor you must rush in and spend all the money you can to try to earn yourself more money. It would not be an appeal to his patriotism, because we had that anyway. He was going to risk the money that he could to get more out of it. The Government would say, "If by any means you can give me this thing, we will foot the bill and give you more." * * * In the first place, the contractor would rush in and move heaven and earth to earn the money. In the second place, it would have had to be predicated on some known state of affairs. So it would have been a set of plans or a group of buildings that could not be enlarged or subtracted from. In other words, the meager information we had would have been the basis of that bonus. Let the Government add buildings to them, as they have done all the way through, and the contractor would say, "This is not the deal I went into. Now you have added buildings, so you have to extend my time." The result is that the Government's hands would be tied at the outset by any change it would want to make on the work.

Now I want to digress. When we got that far in our mental process we started to look around to see what the Government had in the way of a register of contractors, and the only thing we had was copies of the industrial survey. We took one look at that and saw it was not in the line at all. It did not have anything for us (p. 2528).

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We prepared a questionnaire which we sent out to the American Institute of Architects, to the chief engineer of all the railroads, and to as many as we could locate of the chief engineers of the big industrial contractors. It was rather exhaustive. The result was that

in about 10 days' time we had about 1,800 replies representing about a thousand contracting concerns (p. 2529).

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Then we separated out the big builders and cross-referenced them geographically, and based on a geographical cross reference we had about 60 or 70 concerns, based on the military divisions of this country, of which there are 16. Then we take geographical division and we are ready for the men. Take New York City; there are about 25 concerns. In Des Moines, Iowa, there were only three, four, or five; and in the Southwest there were not any in some places (and also in the Southeast), etc. That was the process, and it has worked out to be very valuable. Now, proceeding to the point where the cantonment sites were being selected. We went into the room where the list was and all sat down (p. 2529).

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Secretary Baker sent us a communication saying all things being equal to pick the contractor from the locality in which the camp was to be situated. Now, that was common sense. We did not want to put a Texas plant in Boston or take a Boston plant and put it in California. So with this cross reference I have discussed—those geographical arrangements—we were pretty well in a position to do what the Secretary wanted. Now, if you go over a list of our selections, you will see that we were at least able to be systematic (pp. 2529–2530).

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Maj. STARRETT. Let me say a word about the matter of selection, because it is very pertinent to a desire to be fair. On that committee there were at that time myself as chairman; C. W. (M.) Lundoff, of the firm of Crowell, Lundoff, Little Co., of Cleveland; M. C. Tuttle, general manager of the Aberthaw Construction Co., of Boston; and Frederick Law Olmstead. It was rather a cosmopolitan group. There were two architects, two builders, and Maj. Kelley, who is an Army engineer. That was the committee. Now, when we went into these deliberations Lundoff and Tuttle, because they were contractors, withdrew from those deliberations. Tuttle had withdrawn his concern absolutely. He won't touch a Government contract because he is on this committee.

Lundoff absented himself, but had been definitely notified by the Munitions Board that his concern should not be withdrawn. You may know that the whole firm of Crowell, Lundoff, Little Co. are on this Council of National Defense work; Crowell is (on the Navy Ordnance) a major of the Ordnance Department. Little is on the Small Army Board, having charge of machine guns. So we had the whole outfit right here. But Lundoff withdrew from the considerations and Tuttle withdrew and withdrew his firm. That left only Olmstead and me, because Kelley was so busy he could not attend. So we called in to advise us Leonard Metcalf, of Boston, and George W. Fuller, of New York (not to be confused with George A. Fuller Co.). Fuller is an expert on sewage disposal. Myself, McGibbons, Metcalf, and Fuller were the committee that made these decisions and sat and decided these things and reviewed this list (p. 2530).

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QUESTION. Are you having any trouble with this appointing of contractors that amounts to an embarrassment in any way?

Maj. STARRETT. We can not tell where this thing arises. There is a very positive probability that we are. Contractors absolutely classify themselves. I can tell by talking to them because of my experience. After conversing with one of those fellows for 10 minutes, I can pretty nearly go to his record and find there about what my opinion of him is. I should say that 90 per cent of the contractors are high-grade people, and there is about 10 per cent of them unreliable and untrustworthy, among them some big well-known concerns.

QUESTION. You are speaking now, Major, of the contractors who would be large enough to put over jobs of this kind?

Maj. STARRETT. Yes. There are many contractors who are suitable, and when we get right down to it, it often lies (lays) between two or three, but by careful (fine) study the selection makes itself. But you can not convince the contractors. The Foundation Co. did not get a contract, and they could not understand it. I could not go into all the reasons that entered into our not selecting them, and (but) you can not convince those people by any argument. So after the thing is done we just say, "You were not selected. That is all. We know all that you say is true, but you did not happen to be selected" (p. 2531).

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In dealing with the cantonment problem, here is what it was: It was the building of this vast number of wooden buildings, with the installation of the water supply and sanitary sewage disposal. Electric lighting is purely a convenience (p. 2531).

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Anybody who proposes to do this on any other basis (referring to picking concerns with organizations) opens the floodgate of the Treasury (p. 2531).

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QUESTION. When did you actually get to work on your construction?

Maj. STARRETT. (On May 26 we made our first recommendation for Ayer, Mass.). Our first recommendation for a contract was made on June 1. (They went through very rapidly to about June 5 or 6.) There was a stoppage again by the General Staff, but on June (15) 5 the first was started. Our total deliberations on the 16 cantonments extended from May 26 to about June 19. But most of the work was (done on) started after June 16 (p. 2532).

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Maj. STARRETT. The first and most difficult was at Ayer, Mass. It was recommended on May 26, and I think it was awarded after some delay (within a few days). You remember the process. We recommend it through our Munitions Board—(more or less routine work). We always (barely) kept our advisory function in the foreground, but followed recommendations except in one case. You say the progressive stages of the cantonment construction? (P. 2532.)

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At Ayer, the progressive stages were these:

The survey was made and reported immediately. The outlines of it were set down, the general line of streets, and where they would get the water. The contractor and the contracting quartermaster thought out in advance and went to the site together, took his adapting plan, and started the surveyors driving the stakes where the main points would be.

Incidentally, many things were happening. The lumber committee, which has been of such magnificent service, knew of the lumber in advance, approximately. The contractor had another department of the concern in touch with the lumber committee, the lumber committee putting them into the prime association with which they were to deal. "Here is a price beyond which you must not pay for the lumber. You can pay any price below this." The quartermaster said, "You must not be slow on this thing." Other departments of the contractor were going in, buying the piping, plumbing, supplies, etc., all thought out in advance. We knew how much pipe and of what size. We knew it would be one size to furnish our own supply and another for some supply which already existed. The contractor immediately started in with throwing up a few sheds; the first buildings are always storage buildings.

The other departments are buying clothes and shoes. We started on the storage building and then on the barracks.

QUESTION. Does the contractor's working force occupy the buildings and do they have the beds or beddings?

Maj. STARRETT. You are getting into the refinements of life. Yes; they occupy them.

QUESTION. Let the date be fixed when the work was started at Ayer.

Maj. STARRETT. June 7.

QUESTION. What percentage of the work is done now?

Maj. STARRETT. Ayer is 50 per cent completed. It will be done on time. They had to put a 40-foot steam shovel in, and it was there on the day the contract was let.

QUESTION. Looking at the 16 cantonments as a whole, what percentage is done?

Maj. STARRETT. Roughly, 50 per cent (p. 2532–2533).

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The average price of lumber was about $20.50, some over, some under (p. 2533).

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QUESTION. I'd like to discuss now the question of prices to labor. First, to take up the attitude of organized labor and then your own action, particularly with regard to the necessity for paying higher than normal wages in view of speed as a factor.

Maj. STARRETT. We have not found that was necessary (referring to the last point) as a rule and I have to explain that in this way: The rate per hour has not been increased over the normal rate of that locality. You take the union rate as of June 1, before anything started, and the labor unions have made a memorandum that would be agreeable. It is a law that labor that works more than eight hours must be paid time and a half. Many locations where this work went on this was not an existing standard at all. Right on the ruling of the Government labor was overpaid.

QUESTION. Did you have two shifts or three shifts?

Maj. STARRETT. There was no occasion. It could not be worked out for the reason the area is so great we could handle only 5,000 men in the eight hours. No question of two shifts could arise.

QUESTION. What is the average number of workers?

Maj. STARRETT. It averages about 5,000; peak load, 8,000.

QUESTION. At what stage do you fix a peak load?

Maj. STARRETT. When the thing is two-thirds finished, and right now we are on the peak load in many of the cantonments.

QUESTION. What is the highest price you have been forced to pay carpenters?

Maj. STARRETT. I think it is about 65 cents. I will fill in later.

QUESTION. Will all the cantonments be done by the 1st of September?

Maj. STARRETT. They won't be all done. There will be shelter and water. This comes from a variety of causes. We did not get the hospitals underway until the last week. You see how it works out; the contractor did not know what he was going to build. They will be ready, but with the injection of these new things all the time there will be parts of the camp not finished by the first of the month. There will be shelter, running water, and storehouses.

QUESTION. I have had more or less irresponsible statements filter down to me from sources I can not fix accurately to the effect that abnormal and high wages are paid to labor on cantonments; that water boys, for example, are paid $5 a day in some places.

Maj. STARRETT. Absolutely absurd, in every single case. Imagine the situation and see how it could be. Here are the biggest contractors in the country with their 100 per cent efficiency on the job. They desire to serve the country. The Ley Co. could have just as easily as not laid down when the terms of the contract were violated by the Government. He (Mr. Ley) was patriotic, putting a million dollars of his cash in the bank to meet that thing going along. Is he going to pay water boys $5 a day?. The Government has a very competent organization, made up of civilian officers, Reserve Corps men who came out of big engineering concerns. Are they likely to pay $5? It is absurd. Efficiency and economies are closely watched.

QUESTION. What has been the attitude of union labor in general.

Maj. STARRETT. They have wanted everything on earth. This is a private record. Union labor made a compact with the Secretary of War which ought to be on record with you. A board of conciliation was formed to settle all these wage and jurisdictional disputes. The labor adjustment commission——

QUESTION. Will be announced in to-morrow's papers. If union labor has made objections in the course of this work what is the nature of them in the main?

Maj. STARRETT. All union men were not hired on the job. The aplomb they have developed in all these years was taken by the nonunion labor around the

camps, and some of the contractors were not recognizing union labor as such. In one case, not authenticated, the contractor was discriminating against union labor.

QUESTION. Has any resulted in specific disputes in cantonments?

Maj. STARRETT. They have been very fine about it. There are no strikes that I know of.

QUESTION. What industrial elements have failed to help you in this work, if any?

Maj. STARRETT. I do not think there is any (p. 2534–2535).

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QUESTION. (A question was raised as to the place of the middle man in the building of cantonments.) What has been your problem in connection with the middle man?

Maj. STARRETT. I might suggest something to you about that. It is detail but important. These various committees have shown good judgment: The lumber committee, pipe committee, and plumbing committee. For instance, we have a middle man dealing with the plumbing committee, but there is a justifying fact in the whole thing that anybody who knows the business will see. When you come to break down into its elements the purchase business you can go so far; then you become ludicrous. When you buy water closets you buy from 25 manufacturers; bolts, washers, pipe, nickel plates. That is literally true. If we had broken down to original dealers you see where we would have landed. We went to the Crane Co. and made them the committee, and all these people agreed to deal and assemble them through the Crane Co. The Government allowed them 5 per cent on cost. Obviously, there is a middle man's profit (p. 2535).

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The average area of a cantonment is 2 square miles; a mile by 2 miles, roughly (p. 2536).

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QUESTION. I take it for granted that the relations of your committee with the War Department have been along the lines of a reciprocating engine.

Maj. STARRETT. That is entirely true, and the War Department has been very fine about everything. Secretary Baker has taken a keen personal interest in the thing and the officers have been open minded about it. We have had to do some rough things with them. There was a certain officer we wanted removed. He would not function with the machine. I think he wanted to do it. Here was this great outfit of men under him, men who knew more about the subject than he did. They were being short circuited. He made the thing so confused that after two or three weeks of it we insisted that he get out of there (p. 2536).

This work that we have done should find favor with the Government. We are struggling in every pos ible way to get a committee set up. Every building activity ought to be brought under one head somewhere. We have approached this thing in a felicitous mood. There are constantly things that tend to disintegrate (p. 2536).

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There is no great use of cement—only the bases for buildings. Only about 20 carloads are used in a cantonment (p. 2537).

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WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER GENERAL OF THE ARMY,
Washington, June 8, 1917.

Memorandum to Mr. W. A. Starrett, chairman committee on emergency construction of buildings and engineering structures.

The following is taken from letter written by Mr. R. H. Thom on, commissioner of public works, Seattle, Wa h., addressed to me under date of May 25, 1917:

"One of the particular things which I was attempting to avoid was carrying on the work on the basis of cost plus a fixed sum, believing that if that were done, it would tend to more completely demoralize the labor market in this territory than it is already demoralized."

LEONARD METCALF.

(P. 2538.)

At page 2538 is a table of cement prices, showing that $1.35 per barrel on an average would yield between 20 and 30 per cent on the bulk of the production.

SERIAL 3, PART 33.

(Pp. 2539–2672.)

Hearings held at Washington, D. C., Tuesday, January 13, 1920.

J. H. GOEKE (pp. 2539–2620).

Attorney for A. Bentley & Sons Co. submits at pages 2540–2620 of part 33, an argument, supported by some statements and affdavaits, on behalf of A. Bentley & Sons, original contractors for the construction of Camp Sherman, Chillicothe, Ohio. The committee will not attempt to brief this argument and defense, but conceives it to be fairer to leave it intact and to supply those interested with extra copies of part 33.

It should here be stated, however, that the argument and statement asserts the proper carrying on of the work, without graft or unnecessary waste, and asserts that the net profits to the contractor were much less than the maximum fee (R. 2544). The statement also assails certain of the witnesses called by the committee (R. 2567–2568 and R. 2613–2620).

J. P. O'CONNOR (pp. 2620–2650).

Mr. O'Connor was recalled for cross-examination at the request of the Construction Division, War Department, and was cross-examined at length by Mr. Doremus, the minority member of the committee.

Yes; $8,819,544 is my estimate of the cost of constructing Camp Grant. I assumed that I could have done the work, which actually cost over $13,000,000, including freight, for over $4,000,000 less. I took in only the camp limits. I figured the amount of material that would go into the building and used the current market price prevailing at that time. As to waste on framing and sheathing lumber, I allowed none. On anything that was machined I allowed the usual percentage, 20 per cent, and in some cases one-third, such as in flooring. The nails my custom has always been to figure about 20 pounds per thousand feet. I figured them at 4 cents, but I knew that here where you bought a great quantity I could reduce that very much, but 4 cents is what I used in my estimate. I think 20 per cent is what is ordinarily allowed. Anyway, in my 20 years of experience I have used those figures and generally came out right (pp. 2620–2621).

All the utilities I got in a lump sum from outside contractors in that line, as in any building contracts that I figure from day to day, and do not know what figure for waste they used (p. 2621).

My figures were made up as though Camp Grant did not exist. I remembered that speed was essential; that the first contingent of the National Army was to arrive September 5 (p. 2622).

For the purpose of estimating alone I think it took us about 10 days. Of course, we spent a lot of time in Camp Grant with the

general plans and checked the buildings. That was to see if the buildings as marked on the plat were built. We checked and marked for every fence and shed and shanty. I have been in the building business quite a long time, handling as high as 1,500 men, maximum. To a very small extent I have worked outside the city where I have had to house and care for the employees, perhaps 350 (pp. 2622–2623).

I think I included in the overhead everyone above the grade of foreman. The figure of $251,841 represents my overhead in the estimate. This includes also excess trucks, liability insurance, cost of timekeepers, bookkeepers, superintendents, and general foremen, railroad fares, and miscellaneous items (p. 2624).

The construction at Camp Grant was very simple, in volume a very large job. It is what is known in construction work as an organization job, the success or failure depending upon the organization of the contractor. I gave that particular attention in preparing my estimate. In the general organization I figured a general superintendent at $500 a month, 4 superintendents at $400 a month, 8 assistant superintendents at $300 a month, 3 car tracers at $250 a month, a head bookkeeper at $300 a month, 2 assistant bookkeepers at $250 a month, 30 clerks at $175 a month, and 30 timekeepers at $150 a month (pp. 2624–2625). I allowed nothing for cots, refrigerators, or laundry equipment, for housing or care of the men on the construction job (p. 2625). I figured no fire engines, fire extinguishers, or fire hose. Such items would have to be unloaded and distributed. We considered no ovens in the bakery. I allowed $10,000 for temporary fire protection before the permanent fire protection was installed (pp. 2626–2627).

I realize that there was no water system while the work was being constructed. I allowed no specific sum for cleaning up, but I would take the same precautions in that line that I do in all my buildings that are inflammable. I would keep them sufficiently clean so that there would be no great danger of fire (p. 2628).

I would have started with perhaps 250 or 300 men, in a very few days increase to 1,000, then worked up until perhaps we would have 5,500 or 6,000 men (p. 2628).

I figured on using the permanent buildings for bunk houses and mess halls for the men after the first few buildings were up. I figured nothing for loss on commissary; thought if I hired an efficient man we might come out even on that. We always knew that it would be necessary to feed the men. As I say, we had $251,000 for overhead and 5 per cent of the entire amount for profit, and I considered that if we would lose $50,000 or $75,000 on the feeding it was amply taken care of in the profit (pp. 2628–2629).

In other words, I felt that if it had been possible to get the contract, and have worked your plant for 14 months at least, and your men could have been well taken care of, any contractor at that time, with the way things were going, would have jumped at it, because most of us were sitting in our offices; we could not get work. If you made $100,000 you were lucky, and I had something like $430,000 for the profit. If I would have had that much money I would have been willing to lose $100,000 or $200,000 of that, or even $300,000, and still come out with $100,000 ahead of the game.

Mr. DOREMUS. So you figured that whatever you lost on the commissary would be taken care of out of the profits? You estimated your profits on $435,000?

Mr. O'CONNOR. Something like that. At first it was 2½ per cent, and gradually it was increased to 5 per cent to take care of any contingency that might arise. If I could have got out $100,000 ahead, I would have been happy and satisfied (p. 2629).

I took up my saw rigs in my estimate of labor on the carpentering. I figured on three concrete mixers. As a matter of fact, the small amount of concrete that was in Camp Grant you could almost mix by hand (p. 2629).

(On this point Maj. Starrett states, "Only about 20 carloads (cement) are used in a cantonment" (p. 2537).)

There would be some turnover in labor, but it is always my endeavor to get men on the job at the start and try very hard to keep them. Transportation is in my item of $15,000 for transportation and autos. I think I would have had no material difficulty in getting labor the first couple of months, and if the men were treated fair and right there would be very little difficulty in keeping them on the job. It was a good, healthy place to work in (p. 2631).

For expediting, I figured in my overhead the employment of three car tracers to work on that continually. The little gas-instruction building, for which the appropriation was $800, I could not find (p. 2632).

I can give you the detail for the 43 by 140 200-men barracks. (This is printed in part 37.) My total on that building was $6,400 (see part 37), including labor and materials. The item of tools was not overlooked. I would figure on putting up a saw to facilitate and cheapen the labor in the fitting in of the lumber. The only place for any necessary equipment at Camp Grant outside of the tools the men carried would have been for the roads, and on that I had a lump-sum figure by the roadman, and the same as to electrical work, steam fitting, and plumbing (p. 2634). There was no allowance for alterations. The plan for the two-story barracks were submitted on May 18, 1917. My timekeepers and checkers are in the $251,000 item. I allowed $80,000 for liability insurance (p. 2635).

Referring to an editorial in a trade paper stating that the Construction Division in 90 days built 16 soldier cities, each for a population of 40,000 men, Mr. Doremus asked Mr. O'Connor if the editorial expression of such performance was correct (pp. 2636–2637).

Mr. MCKENZIE. Pardon me, Mr. Doremus, but I want to say for the record that that statement was not true. That camp was not completed to take care of 40,000 men in 90 days, and the man who wrote that editorial either willfully misrepresented the facts, or he was ignorant of the facts, as testified to by a man in the Construction Division (p. 2637).

I allowed for 20,000 linear feet of temporary track. Got my data from the general manager of the North Western Railroad.

Mr. DOREMUS. Have you an item for permanent track construction in your estimate?

Mr. O'CONNOR. No, sir; I have not.

Mr. DOREMUS. Are you aware of the fact that, in the construction of Camp Grant, in addition to tracks, which we have just been discussing, that 27,639 feet of permanent track with the attendant frogs, switches, etc., were installed?

Mr. O'CONNOR. No; I am not aware of that; that is, that the railway companies put down those permanent tracks?

Mr. DOREMUS. I do not know who put them down, but they were put down and included in the entire cost of the job.

Mr. O'CONNOR. And that the railroad company did not reimburse the company later?

Mr. DOREMUS. Col. Couper informs me that they did not (p. 2639).

(Elsewhere in the record is inserted from statements furnished by Gen. Littell, chief of construction division, that the contractor built no permanent track at Camp Grant.)

Temporary water supply was taken care of in our profit and overhead. My estimate on steam heating was $1,622,165.

Mr. DOREMUS. The record shows at page 2062 that the steam heating, including fees was done for $1,380,827.27.

Mr. O'CONNOR. I wonder if they included in that figure the cost of boilers or did the Government buy the boilers (p. 2640)?

Mr. DOREMUS. Can you tell us of your own knowledge, Colonel?

Col. COUPER. No, sir (p. 2641).

Pumping stations and reservoirs are covered in the bid for the water system. All temporary basins were included in the road man's or sewer man's figures. I included all the expenses of my office at camp (p. 2641–2642). I figured the cost of distributing material, about the same as in the city where we are greatly delayed, anywhere from $1 to $2 a thousand for handling it in the cost of team and truck work. The matter of handling teams is included in the profit and overhead (p. 2642).

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Mr. O'CONNOR. It would have been less if the whole thing was left under one contract. If the three divisions were let under one lump-sum contract at that time, it would have been less because in the interim the carpenters' wages went up on June 1, 1918; I think that was before the Ericsson contract was let. I think his last contract was let, I think, September 10, and it was closed down two months later, November 11, or the 10th. Of course, in that time, with the cost of everything advancing, it cost more money. This was due because of the increase of the wages of the carpenters. The wages of carpenters went from 70 cents to 80 cents an hour on June 1, 1918, and, in any event, in letting the contract under one lump-sum contract you could undoubtedly figure a little less money than by three separate contracts.

Mr. DOREMUS. If there were three different contracts, there would be three separate and distinct losses.

Mr. O'CONNOR. Not necessarily; not unless other contractors get the other contracts. Of course, he would be through with the first contract before the time that the second contract was started.

Mr. DOREMUS. And by the letting of the complete project under three contracts, it necessarily did increase the cost of the job; is that correct, Mr. O'Connor?

Mr. O'CONNOR. I think so. That is, if separate men got the contracts (p. 2644).

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Mr. MCKENZIE. I take it from your answer on that, in making up your estimate, you did not include in detail many things that would enter into the expense of the construction of a camp such as Camp Grant. For instance, detailing a statement in regard to automobiles and saddle horses, or pump to take care of the surface water, or many other things that were brought out by Mr. Doremus. You made no detailed estimate of those items, but included them in your general estimates; for example, you took care of automobile and teams in your estimate as so much per thousand of moving material from the track to the job.

Mr. O'CONNOR. Yes, sir; I gave it in that way.

Mr. MCKENZIE. And you do not want us to understand that you did not take up those items and consider them at all?

Mr. O'CONNOR. In short, I had in mind all the necessities at Camp Grant. I had in mind the taking care of the men for perhaps 10 days or 2 weeks before the permanent buildings were erected.

That is, in regard to the permanent latrines I had in mind the digging of a hole in the ground and covering it up after the permanent latrines were built, and we were building these as quickly as possible and in that way could meet any emergency. I had in mind also the fire protection of the camp, and I had in mind the condition of this virgin soil, and would have arranged to dump cinders on the road. I had in mind the crossings and the sewers, and I had an item of $251,000 and an item of approximately $460,000, which made a total of $711,000. I knew that these items would have to run up in a most gigantic manner if I could not have left out of the $711,000 at least $150,000 for my year's work, for which I would have been very happy indeed. I certainly would have been happy, indeed, to have received that, rather than to have had to sit in my office in Chicago, as all the other contractors were doing at that time, because we could not build. The Government would not permit us to get the material.

Mr. MCKENZIE. Now, you have heard the testimony and know that one of the particular matters that has been insistently impressed upon the committee was the necessity for haste in the construction of these camps, and in that I think we are all agreed. The testimony of some has also been to the effect that on account of the necessity for haste that the cost-plus contract system as applied to these various camps and cantonments was the only form of contract that could be used to attain the end of having the work completed in a very short time. Now, I want to ask you as a contractor whether you are acquainted with any contractor who had experience in doing work for the Government under lump contract, and if so I wish you would cite an instance or two for the benefit of this committee as to just what the results were in those cases.

Mr. O'CONNOR. The first instance that I can think of is one that I was thinking of while coming here on the train. This, however, is only a small item. I do not know what the amount involved was. I only know that there was 1,380,000 feet of lumber involved, to say nothing of other material. It was the Sommer-Sollitt Co., of Chicago. They got the contract.

Mr. McKenzie. Where was this work to be done?

Mr. O'Connor. At Fort Sheridan. He got his contract at 9 o'clock Saturday evening, and Sunday morning by 11 o'clock he had 14 cars of material on the job, and his contract was to be completed within eight days, and I know that it was the topic of gossip in Chicago—that he would break his neck; that he was crazy, but in spite of all this he finished the work in seven days, and the thing was completed. I think that was the first job around Chicago.

Mr. McKenzie. That was a lump-sum contract, and with a time limitation?

Mr. O'Connor. The time limitation was eight days. The Government had a man up there; I do not remember his name, but he was to see that it should be finished within eight days. The company finished in seven days. The company had an average of 400 men on the job. It ran from 100 to 700 men, but I know that Mr. Somner told me himself that his average was 400 men.

Mr. McKenzie. And how much lumber did he put in place?

Mr. O'Connor. There was 1,380,000 feet of lumber, which averaged about 600 feet of lumber in place per day of eight hours per man. Of course, in addition to this lumber there was this roofing and his compo board and his work for forms in the latrines and the putting in of the windows and the doors, and putting in whatever was necessary in the work. It was, I consider, a marvelous and miraculous piece of work.

Mr. McKenzie. That would hardly be a fair illustration of the haste with which work would be done. That would perhaps be a rather exceptional case.

Mr. O'Connor. It was; yes, sir.

Mr. McKenzie. But, nevertheless, it demonstrated the fact that under a lump-sum contract haste can be had as well as under any other style of contract.

Mr. O'Connor. Mr. Sollitt's future depended on that particular eight days' contract. He got up there and with his men and organization, including his carpenters, he went like a buzz saw, and the thing was contagious among his men, and that gait was kept up.

Mr. McKenzie. When was that work done?

Mr. O'Connor. I could not give you the date but it was very early in the work around Chicago. It was one of the first things in 1917 that we heard of. It was before Camp Grant (pp. 2645–2646).

As to changes, I can not conceive of anything that would be serious that you could call complicated. Changes would be such as changing partitions, or perhaps changing the height of a one-story building to a two-story building, or widening or lengthening regular work. It would not be anything from a construction point of view (p. 2647).

Mr. O'Conner. Yes, sir; before he is paid, whether on a private contract or on a Government contract, the work must be inspected by the architect or the man supervising the work, and after the work was inspected and found correct the contractor would be given a certificate to that effect, after which, of course, the contractor would be relieved of his contract.

Mr. McKenzie. Then, I understand that everything must be in a workable condition. If the door does not close, the attention of the contractor would be called to it and he would be obliged to remedy it?

Mr. O'CONNOR. Yes, sir (p. 2647).

I read Col. Warfield's testimony. Much interested in it. If I remember correctly, his estimate was 7.4 cents per cubic foot for buildings, such as barracks, mess halls, hospitals, etc., and my lowest estimate on such buildings was about 7 cents per cubic foot and for my lavatories 12 cents, and on administration buildings 8½ cents. Col. Warfield's figures of 7.4 cents included utilities, so my figures at Camp Grant were very liberal (pp. 2647–2648).

Mr. DOREMUS. Are you aware, Mr. O'Connor, that Col. Warfield's job consisted only of 10 barracks, 10 mess halls, 10 kitchens, 5 bathhouses, and 5 latrines?

Mr. O'CONNOR. Yes, sir; I understand that.

Mr. DOREMUS. Of course, you would not attempt to compare a job of that kind with the construction of Camp Grant.

Mr. O'CONNOR. The only way that I would compare that with this, Congressman, is that his work would count a little more than this, being such a small job (p. 2648).

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Mr. McKENZIE. You have examined the appendix No. 16 of the quartermaster's manual over there, Mr. O'Connor [indicating], and examined the plans sent out by the quartermaster in that appendix and also the blue prints. I want to ask you whether you believe that from those plans and the material and the blue prints that you could have sent foremen onto the ground and started to work without any further delay and that you would have been prepared to bid on that sort of structure?

Mr. O'CONNOR. Yes. I remember examining these before, Congressman. I can not see why you could not bid on it. In other words, you are assisted here more than you are ordinarily, because the material is all out here. All you really had to do was to check over this material, and there is everything that the foreman would deem necessary to go out and start on the job.

In closing I wish to make a correction in my former testimony. At page 338 of the abstract of testimony before this committee I figured on my lumber and on my carpenters on the basis of $1 per hour. In other words, I figured the lumber at $17 per thousand in place. This figure includes the working in of the lumber in its proper place, and does not include the price of the lumber. In my testimony it was given that "I figured the lumber at $7 per thousand in place." That statement is incorrect, and therefore I wish to make this correction (p. 2648).

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Mr. O'CONNOR. I do not know what they were prepared for; but if anyone asked me to give a figure on the building as represented on this blue print [indicating], with the assistance of the material that is all out here, I could not say otherwise than that I could do it. The fact is, there is almost a specification on each sheet. I do not know as to the fitness of this building for Camp Grant, but if anyone asked me to give a figure on this building I could sit down and figure it out.

Mr. DOREMUS. Do those plans and specifications include sufficient data on which you could base the cost of all the utilities of every kind and nature that was used at Camp Grant?

Mr. O'CONNOR. It specifies the plumbing arrangement here, and it specifies the heating of so many cubic feet of heating surface. It gives the price, the same sizes of sashes and doors. There are little cross sections here that show the sizes of the lumber. The only difference between these and the plans I figured from are that these are on a smaller scale.

Mr. DOREMUS. Then you want the committee to understand, Mr. O'Connor, that in your judgment you could have taken those plans and specifications and from them prepared an intelligent estimate and put in an intelligent bid for the construction of Camp Grant without any additional data?

Mr. O'CONNOR. Yes. For anything that I had the plans for. For instance, I could figure this one building. Here is a completed barracks for 200 men (p. 2649).

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Mr. O'CONNOR. Of course, I do not know what other plans there were for the utilities; I only know this: I can take this set of plans and figure the construction in general—the electric lighting; the plumbing, is so far as the inside plumbing is concerned; I could figure the wiring—that is, the inside wiring; everything, in fact, in this plan. Of course, for the outside sewerage, the water system, the roads, the electric light, the cement, and all of that, why, that I do not know, because it was not on the plans (p. 2649).

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HARRY D. CARLIN (p. 2650–2653).

Building construction and engineering. Of P. J. Carlin Construction Co., of Brooklyn, N. Y.; annual business, $2,000,000 to $3,000,000; incorporated for $100,000. Our investment, including equipment, is about half a million (p. 2650)

I believe it would have been possible to enter into a lump-sum contract in the spring of 1917. I knew that at the time we submitted applications. We had a bid in Washington for that, and we had the organization and the equipment and we anticipated that the work would be given out, and we were prepared at that time to do it. We submitted a questionnaire and had a representative down here for some months. The conditions now are unfortunately worse than they were at that time and we are now taking and entering into lump-sum contracts. We have just closed one for about $1,000,000. To protect ourselves, we base our estimates on the prevailing market price so that as soon as the contract is awarded we may close on the price at which we figure. That is the usual practice (p. 2651). We have entered into contracts with a provision to take care of any unusual fluctuations. Usually we are in a position to cover on material in the prices on which we bid and for the labor, that is sometimes closed on a sliding-scale basis. If the wages increase we are to be paid the increase, if there is a decrease we make an allowance. That is, the actual increase or decrease in the basic price on which we figure, and that is absolutely fair to the contractor and owner (p. 2652).

I would say it was a very conservative estimate that a man could put in place something like 500 to 600 feet of lumber in construction

work per day. That they should do at least that in a day of eight hours (p. 2652).

In June, 1917, and prior to the war—I should say prices had advanced about 20 or 25 per cent (p. 2652). I have examined Quartermaster's Manual No. 2. of 1916, appendix 16 of that manual, and the blue print of the two-story barracks dated May 7, 1917, and as a practical contractor I think there is sufficient detailed information indicated on these plans to put up that type of building. I would have been willing to bid as a competitive bidder for the construction of the cantonment from those plans and specifications (p. 2652).

I know Westinghouse, Church, Kerr & Co., of New York City. They have a high standing in the business, are considered very sound financially and capable of carrying out any contract of any magnitude. They are one of the largest contracting concerns in the country, and their reputation as to completing the work they undertake is of the best. The Degnon Construction Co., of New York City, do some of the very largest work around the country, and their standing is of the highest (p. 2652–2653).

JOHN A. PAYNE, Jr. (p. 2653–2656.)

I am a lumber manufacturer located at Vera, Va. The Faulconer Lumber Co. was organized in November, 1915, and succeeded by the Payne Lumber Co. The stockholders of the Faulconer Lumber Co. were P. H. Faulconer, Hollis Rinehart, Horace Rinehart, and John A. Payne, jr. He is the same Rinehart who is a member of the firm of Rinehart & Dennis Co., contractors for Camp Lee. I think Rinehart was president of that company and Faulconer general manager. I took over the business of the Faulconer Lumber Co. June 19, 1917; the capital stock was $15,000, and carried on the business under the name of the Payne Lumber Co. I simply took two-thirds of the stock for $10,000 by giving them my note, which I produce, and is as follows: (p. 2653–2654.)

PETERSBURG, VA., *June 19, 1917.*

Twelve months after date I promise to pay to P. W. Faulconer and Horace Rinehart ten thousand dollars, in full settlement of their interest in the Faulconer Lumber Company, with interest at 6%.

J. A. PAYNE, Jr.

Witness:
W. N. BODEE.
Paid in full, Jan. 1, 1919.
P. W. Faulconer.

At that time Mr. Rinehart had already entered into contracts with the Government to construct Camp Lee, and I sold them a good deal of lumber; $75,000 worth. On January 1, 1918, after the completion of the contract they bought me out again by simply turning my note back to me. It represents the only consideration that passed either from the firm to me or from me to the firm. I still hold a one-third interest. When they canceled that note we went back on the same basis as we were before the war. I made about 10 per cent on the lumber I sold. We left that money in the business, and when they returned the note to me they became joint owners of that profit for 1917, which was $6.683.61, and these two men became participants in this undivided profit. Yes, sir (p. 2655).

Maj. TRACY S. NEWTON (p. 2666–2672):

Am in the accounting division of the Construction Division, War Department. Have beeen in the Army since October 16, 1918. My first commission was major. When Mr. Wessen stated to me that he would like to get a list of contracts and fees paid in connection therewith, he knew as well as we all knew that to go through the final settlement statements would require quite a little of his time in digging out the figures. I explained to him about our contract tickler cards, which were used quite a bit. We had one card for each cost-plus contract. Our file clerk had noted the fees paid, considering them kind of a memorandum record, never relying on them, although the figures are reasonably correct. I thought the tickler cards would give him practically the information that he wanted. I never certified to the correctness of the figures he took off the cards (pp. 2666–2667). The total cost of the 112 (115) projects named by Mr. Wessen was $276,-777,354.41. On these the maximum fee applied. The total cost of the 315, which is really 319, reached $224,723,442.01. I am not in a position to say on how many the work was advanced or curtailed because of the armistice, although there was a good number (pp. 2667–2668).

Mr. Wessen stated that his figures were subject to correction. That is correct. The detailed information as to subcontractors' fees does not appear on the tickler cards. If I remember right he did not request information on the subcontracts. I will furnish the information which Mr. Wessen failed to get, showing the fees of the subcontractors in the 16 original cantonments. It will take at least two weeks (p. 2668–2669). The freight was not included in the figures submitted to Mr. Wessen on either the 112 or 115 or 319.

Mr. MCKENZIE. Are there any other items which were paid by the Government that are not included?

Maj. NEWTON. These items included only the expenditures under the authority of the contract. None of the Government overhead is included in these figures.

Mr. MCKENZIE. In order to make that clear so that we can understand it, can you tell us offhand just what articles, material, labor, and so on, are furnished under the contract? Just what would the contract cover? In that way, of course, you will give us the information of what these totals included.

Maj. NEWTON. The figures will include the entire cost of the labor, hired by the contractor. It will also include the entire cost of the materials used by the contractor under his contract, and in cases where the Government furnished materials on which the contractor is allowed a fee under his contract that is included as part of his cost. In cases where the general contractor did engineering work those amounts are included. It does not include cases where we have engineering contracts out of the construction contracts.

Mr. MCKENZIE. Have you any idea, Major, how many contracts there were in which the engineering was not included?

Maj. NEWTON. Why, the engineering services, to my recollection, in nearly every case were taken care of under a separate contract.

Mr. MCKENZIE. And those were not included?

Maj. NEWTON. Not included as a part of the cost of the construction contract.

Mr. McKENZIE. And what do you understand to be covered by the so-called no-fee items. Just what comes under the head of non-fee items, besides freight and engineering?

Maj. NEWTON. In the cases where the contractor pays freight and express that is a non-fee item, as a general thing all freight and express is accepted, but there are cases where he has to pay and where he does, he is reimbursed and it is a no-fee item. In case of losses allowed under the contract, that is a non-fee item.

Mr. McKENZIE. Neither of those will appear in those statements.

Maj. NEWTON. They appear in those statements; yes, sir.

Mr. McKENZIE. But expenditures of the Government in connection with the administration of the contracts are not a part of this cost. Just tell us what those are.

Maj. NEWTON. Those items include the expenses of the field auditor's organization, the Government auditing charges.

Mr. McKENZIE. Are there any other?

Maj. NEWTON. They include the expense of the Constructing Quartermaster's Office.

Mr. McKENZIE. And those are not included in those totals?

Maj. NEWTON. They are not included; no, sir.

Mr. McKENZIE. What would be your estimate of those last two items? You can give it in one sum if you wish.

Maj. NEWTON. I am not prepared to say. It is in the record in regard to both Camp Sherman and Camp Grant.

Mr. McKENZIE. Can you give us an estimate of the freight and railroad expenses?

Maj. NEWTON. No, sir; I am not prepared. I could get some figures that are nearly approximate, but I am not prepared offhand to give them to you.

Mr. McKENZIE. Can you give an estimate of the engineering expense?

Maj. NEWTON. No, sir. I am not prepared to give an estimate without the figures (pp. 2669–2670).

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CONSTRUCTION DIVISION OF THE ARMY,
ACCOUNTING DIVISION,
July 10, 1919.

Memorandum:

To: Brig. Gen. R. C. Marshall, Chief of Construction Division.
From: Maj. Herbert E. Smith, Quartermaster Corps.

1. Upon leaving the Construction Division there are some observations which I wish to leave behind to be taken for what they are worth, and I trust they may be of some assistance in the future, as that is my only purpose in making them (p. 2670).

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3. The chief cause for regret and dissatisfaction is that it is now impossible to draw up from official books and records a positive, accurate, and complete financial statement in totals and in detail showing:

(1) Appropriations by Congress for construction;
(2) Authorizations by the Secretary of War;
(3) Allotments to the field;
(4) Expenditures in the field; and
(5) Balance on hand or returned to the Treasurer of the United States.

By "Expenditures in the field" item (4) I mean project accounts showing:

(1) Authorizations;
(2) Funds received;
(3) Disbursement by authorization, both direct and through contractors;
(4) Amounts transferred to the Treasurer of the United States; and
(5) Balance on hand.

In other words, the Construction Division should be able, just as in any large commercial enterprise, to prepare from its books of account complete and comprehensive financial statements at any time which would be susceptible of proof by means of a double-entry system of accounting (p. 2671).

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11. I wish to emphasize that the essential difference between building and accounting must always be borne in mind when considering any plan of organization. Building is a matter of judgment and administration and is controlled by scientific knowledge and established policies. Accounting is a matter of facts and is controlled by laws and regulations.

12. The foregoing may be summarized in brief, that one division or department should have full authority in all matters of finance and accounts; and by "authority," I mean authority clothed with power to enforce instructions and not merely authority to advise. The functions of this division should be as follows:

(1) Maintain complete financial records and accounts for entire division.
(2) Dictate accounting procedure in accordance with the law and Army Regulations.
(3) Supervise field accounting.
(4) Conduct administrative audit.

13. In conclusion I wish to express my pleasure in having been able to help a little in the Construction Division during the past year and extend my very best wishes for its future.

(Signed) HERBERT E. SMITH,
Major, Quartermaster Corps.

(P. 2672.)

ABSTRACT OF TESTIMONY.

SERIAL 3, PART 34.

(Pp. 2673–2763.)

Hearings held at Washington, D. C., January 14, 1920.

WILLIAM B. COLVER (pp. 2673–2696):

A member of the Federal Trade Commission, assigned for work with the special war committees. Asked (2674) as to the extract of the minutes of the General Munitions Board of April 4, 1917, relating to the Federal Trade Commission's presenting a plan covering purchases on a cost-plus basis, stated (2688) that in so far as any cost-plus arrangements were concerned, that was the application of the principle for arriving at the price, but as I read to you here, we were opposed to it as a principle because the other countries that tried it found that it would not work, and we said so back on April 3.

GEORGE W. FULLER (pp. 2697–2708):

Called as a witness by the Construction Division. A consulting engineer making a specialty of municipal engineering in connection with water supply and sanitation; 30 years varied and larger experience (r. 2697).

Sewers had to be related to what we call line and grade, and water will not run up hill, so it must have a grade. I do not agree that the cantonment work could have been done by starting in immediately upon the construction of the buildings and barracks and then taking care of the water and sewerage system subsequently. It has to be done in a coordinated, orderly fashion (pp. 2698–2699).

Have had occasion in my experience to make a special study of the Corps of Engineers of the Army and came in contact with them in 1917, particularly with the availability of the corps of men in connection with the construction of the Army camps. The conclusions which I reached were that the Engineering Corps was not available for the construction of Army camps in this country. Their tasks were in Europe. They were quite fully occupied at the time with those undertakings, and they were not willing to allow men in the Engineering Reserve Corps to be generally made use of in this camp construction work. The personnel of the Construction Division of the Army came very largely from civilian life at the outset of the war. Heard this opinion as to the Engineering Corps from the corps itself. I was brought in contact with the men who could do the camp construction with reasonable certainty in the very short period of 90 days, between the 5th of June and the 25th of September, when it

was expected to have the first quota sent to the camp. As to the result, the records speak for themselves as to the health of the troops; and as to construction, I believe it was one of the most important pieces of construction work that I know of anywhere in this country or abroad, taking into account the magnitude of the enterprise, the speed with which it was done, being almost beyond the conception of anyone with whom we talked in Washington when we first came here. It was a very extraordinary fine piece of work, and where the results amply justified the expenditures and the plans that were prepared. The Construction Division, I am always glad to say, is one of the strongest organizations that I have ever known of in the history of engineering enterprises; and the efficiency of the organization is very strikingly shown by the work that the force turned out (pp. 2699–2700).

I have examined the cost-plus contract used. I think it is a fair and reasonable arrangement under that style of contract that would allow these Army camps to be built under the stress and speed thought to be almost impossible. I saw some of the cantonments. In the future, in a similar emergency, the construction should be left to men who have had no experience in construction work. (The uncertainty, even down to the second week in June, as to whether the barracks should be 365 or 500 cubic feet of air space per man, which was in the hands of the Surgeon General's Office, and the uncertainty attached to the size of the squad unit, that is, the number of men in a company and a multiple of the unit to make up brigades, regiments, and divisions; resulted in making the plans a very uncertain proposition. They were first developed on the basis of 150 men to a company, which was finally advanced, after Gen. Pershing's report, to 250 men per company. It was well along in August before the barracks took their final shape in point of standard size, fitting the 250-man company and multiples of that going on to make areas for larger units. It has to be borne in mind how variable all those elements were, how flexible the actual construction program should be (p. 2701).

When it came to the selecting of the contractors, I was one of five men on the committee that made the recommendations to the Munitions Board. Maj. Starrett was chairman. We found right away that it was necessary to get men who had organization and financial ability to do the work from the very start. There was not any time to build up an organization or to get men who were not acquainted with each other building up a financial organization without the practical experience. That was one of the principal reasons why it was necessary to get organizations that were experienced, who had the work program and personnel and had the financial ability to go ahead and do this work. It was not a job for a small contractor (p. 2701).

It would have been impossible under the circumstances to have adopted the lump-sum or fixed price as a basis for contracting. The program of procedure was not definite enough so that if any contractor was to have bid on any lump-sum basis, with unstable conditions in regard to labor and material prices, and with the shifting that had to be done, he would have needed a figure that would have been outside of all reason. All these things were talked over

very carefully during May and June of 1917. I am very positive in my view that it would have been more expensive to the Government under the lump-sum of fixed price form of contract. It would not have had a tendency to increase the speed (p. 2702).

Members of the construction division could have been commissioned in the Engineering Corps, but I doubt very much if they could have done as good work. I do not think that the direction of the work would have followed along the same lines (p. 2703).

I have heard criticism of the work of the construction done in France. Speaking broadly, it was the very lack of direction which was so conspicuously well handled in private or construction division work. I have no desire to belittle the work of the Engineer Corps in France. The point I wish to make a little plainer than I have is that the construction division brought a great many very practical and experienced builders to the aid of the Government, and they were men who had been in engineering organizations and contracting organizations, men who had the ability and the "know how"—ability to get things done efficiently and quickly. The Engineer Corps did get some men of that type in the Reserve Corps, but they were not able, so far as I was able personally to see in my four of five weeks in France, to pick up and speed and get under way with the same style of directness and force that characterized the work of the Army Construction Division. They were not so much handicapped with labor (p. 2703).

The engineers that worked on the camps, while some of the engineering was let by contracts, were all under the direction of the Construction Division (pp. 2704–2705).

It could not have been possible to have prepared a definite contract upon which any lump sum or unit price could have been bid (p. 2706).

The buildings were relatively simple work compared with modern structures of a permanent nature, but the number of buildings and the magnitude of the enterprise made it a very unique and a very remarkable proposition with regard to the contractual conditions to be met with. Theoretically, a man could have figured per cubic foot or per building and simply multiplied, but as soon as one of these large camps was put under contract it made such a demand for the labor in that district that any contractor who would have attempted to bid would have been confronted with so many contingencies that his percentage would have quickly disappeared. No contractor would have dared to bid, unless he would have done so at a bid physically out of reason (p. 2707).

It is true that these buildings were put on posts and followed the contour of the land. The dangers that were brought about by deciding to put a larger number of men into a barracks building required so many more posts and so much more of everything else. I was speaking of the change in the dimensions of the buildings from the standpoint of showing conditions with regard to flexible procedure and not speaking against that, because it would be a simple matter to go and let a contract for so many of these buildings 40 by 160 feet as to dimensions; but when the location of these buildings was uncertain and also the length and breadth and the uncertainty as to whether you were 1 mile or 15 miles of the railroad, all these

elements would make it impossible for any contractor to have bid on a basis other than that. If there was a chance for it to have been done that way, he would have made special provisions for such changes and extras (p. 2707).

LEONARD METCALF (pp. 2708–2728):

Civil engineer, of Boston, of large and varied experience; familiar with the type of construction employed in the 16 National Army cantonments. It is advantageous to handle the construtcion of water and sewer systems with the construction of buildings: First, because of health; second, because of econmy. Saving time was the one problem always before the committee. It would have substantially increased the time if these two works had not gone on contemporaneously. Certain details may be put off till later. It is more economical to carry on the work together, because otherwise the interest charge is running against you on part of the plant investment. There is no essential difference in the construction of sewers in cities and in thes various cantonments, except that in these camps it is easier because you haven't the obstruction that you have in the city. (They must always be laid to grade (pp. 2709–2710).

I visited a number of cantonments during the construction period. In my opinion it was one of the most remarkable bits of construction about which I know. As to speed, I think it was unparalleled; and, I believe, taking its magnitude into consideration, that the construction was very well adapted to the situation. We must view these things from foresight and not hindsight. The time element was the one thing that everybody had in mind. The organization must be effective in completely controlling the situation, yet sufficiently decentralized to be able to handle work of that magnitude. I think the accomplishment is a most remarkable one that the organization was able to keep so many very large projects going on at the same time with such rapidity. Had it been possible to have had two or three or four years in which to build the camps, they could, of course, been built at much less cost; but conditions were changing exceedingly rapidly, and camps which in the first instance had been estimated to cost two millions or three millions finally cost ten millions or eleven millions of dollars; but the increase in cost could not be elimnated by reason of the fact of the increased requirements of the job and by the increasing price of both labor and material, which increased dav by day by leaps and bounds—that is, during those early days in May and June and July (pp. 2710–2711).

Typical plans which would serve in different localities were quickly developed, and so early in the game the organizations were arranged so that those plans could be put into effect quickly, effectively on the ground and under very diverse conditions, which had to be met at the various sites (p. 2711).

It could not have been turned over to the Engineering Corps of the Army at that time. In the first place, they did not have the men. We were all of us, very definitely of the opinion from what we heard from the Engineering Corps and others that the Engineering Corps itself did not want to undertake the task. Three or four of us, I remember—Mr. Fuller, Mr. Hunt, and I, and probably a fourth—called on Gen. Black to see if men would be available not only to

investigate the sites, which was the immediate problem, but subsequently to take charge of the engineering work in the several camps as soon as the organization could be made. His answer was "No," that he had not the men; that all the men of his corps were necessary for the problems which he then had in hand, especially for the problems abroad. (In this connection reference should be made to the testimony of Maj. Gen. Harbord, Gen. Pershing's chief of staff, in part 37, who stated definitely that it was not decided that the Engineers should do the work abroad until conferences were held between Gen. Pershing and his staff on shipboard on the way to Europe in June, 1917.) We then asked him for men on the reserve corps list. He said we could not have men in class A, because they would probably go to the training camps, and those who were fit would go abroad, say, in December. This was in May. We then asked him about the class B men, who were older, who were not available under the limitations of the department laid down by Gen. Pershing for foreign service. He said that from the class B men we could have any men except those whom he might want to send to the camps with the idea of training them for the foreign service. We went over the lists, and there were very few men that seemed to us were available for this work. Those men were not Engineer Corps men at all; they were civilian engineers. Subsequently some men were drawn into the service of the Construction Division from the Engineer Reserve Corps, but it does not seem to me that they are to be regarded as Engineer Corps men. They were essentially civilian engineers (p. 2711).

The only Regular Army officers at that time who had been drawn into the Construction Division were Col. Littell, Capt. Marshall, and Capt. Oury, none of them engineering men (p. 2712).

Facing the situation of the building of the camps before September, I am very confident it would have been literally impossible to have let the contracts on the old lump-sum basis. This whole question of cost was carefully discussed by the committee and by many of the leading engineers and contractors of the country, who came to Washington at the call of the subcommittees to discuss this whole question. The committee primarily defined the exact work to be done, could be specified with a fair degree of definiteness, but it would not have been possible to have gotten figures—competitive figures—from the contractors, which would have contained in them only a reasonable margin. In other words, the loading of bids was to take care of the hazard element which all contractors were facing at that time would, in my opinion, have been much greater than the excess cost which was paid under normal conditions resulting from this form of contract. Moreover, to have done the work in that way would have involved, as we believed, six weeks' delay. It would not have been possible to have assembled the essential information and gotten plans out on which to have gotten competitive bids on the work and then let contract. The organization of forces under that system would have resulted in a delay of at least not less than six weeks, perhaps two months. That was out of the question. You could not take two out of the three months for bidding and build those camps. Moreover, to have submitted the construction of these camps to competitive bidding on short notice with ill-prepared plans would have

meant and would of necessity resulted in the receiving of many bids from men who could not have had the experience, or who were not prepared and perhaps not competent to do the work on such a scale with such a time limit. With a fair time limit, they might have done the work well, but we felt so keenly that we should not run the risk of getting incompetent men that we strongly urged that on this emergency work only those contractors or contracting firms should be considered who had actually demonstrated in their work heretofore their ability to handle work running into millions of dollars in a short space of time.

We realized the awarding of the contracts to men who had not already demonstrated their ability because of getting the low bids would inevitably lead in some cases at least to not completing the work within the time limit which was necessary and which would have been very embarrassing to the Government subsequently, in the taking of the work out of their hands because they had failed would involve claims and damages subsequently; so that the more we reasoned the more we came to the point on this problem that it was absolutely necessary to remove from the contractor, as far as possible, the hazard element, and call to the assistance of the Government on that work only contractors who had organization. We had not only the engineering point of view, but the committee had the contractors' point of view and the legal profession and the Government point of view. I was on a subcommittee under Mr. Olmstead. The contract had been framed before my arrival in Washington. The engineering contract was next. The forms of the buildings were discussed, whether single story or two story, were next. Next we wired various engineers at the sites selected to send in topographical maps, to study the water supply and other utilities problems; upon which we took final action, so that long before Congress had appropriated the funds we had the essential information concerning all the camps, and that was done through the aid of civilians, because the Engineering Corps was not in a position to call, as it was possible for us, on the civilian engineers (pp. 2712–2714).

The first and foremost element which contributed to increase the hazard of building was the uncertainty of the labor situation. There was a second consideration, that materials were not availble. And then there was the third difficulty of the railroad situation, which was a grave situation. All constituted great hazards from the bidding point of view (p. 2715).

I think the contract was safeguarding as far as it is humanly possible to devise any contract to do that (p. 2716).

Asked as to whether it would be sound policy and result in greater efficiency to provide that men who have no knowledge of the contractors or of the contracting business should have the selection of the contractors to perform emergency work, Mr. Metcalf answered:

"I suppose it is perfectly possible to have a committee composed of men other than contractors, who would be sufficiently in touch with such men as Mr. Starrett, but I should think it was a safer policy to have upon the committee at least some one who was entirely familiar with the contractors and their work. I do not know that it is essential to have your committee made up of men all of whom have that knowledge. That appears to be so in this case. I

would like to say that it would have been advantageous to have a legal point of view represented (pp. 2717).

"I came to Washington May 19, 1917, at the request of Mr. Olmsted. I do not know who requested myself and associates to prepare the contract and to assume the responsibility which we did in directing these affairs of the Government. I was not here at the time the work on the emergency contract was done, so that I can not say that the Secretary of War asked it or not. I do not know that the Chief of Staff did. Yes, certain contractors talked to me about the form of contract and were much exercised over the impending danger. Among them was an organization of contractors in New York—I rather think it is the national organization of contractors, and some of the officers of that came down to Washington to discuss it with the committee. I think it was the General Contractors' Association, with offices at 51 Chambers Street, New York City. Mr. Winston was one of them. I know that the contract organization and the National Association of Architects had both been consulted. I saw Mr. Kilpatrick, of the George A. Fuller Co., from time to time in headquarters. I think Stone & Webster were very much interested in the work.

Theoretically, it is true that in our Military Establishment we had not only the Corps of Engineers, but we had the constructing quartermaster under the Quartermaster Division, who, under the law, would probably take charge of any construction work that might be necessary to house and care for the Army. I think it may be true that neither one of these branches had called upon our committee or any member to take on this matter and serve the country, because they were incapable of doing so. How it came about that these men took it upon themselves without any call from the War Department or the men in authority under the Government to go ahead with this thing and to take over this construction work I believe came about as a matter of fact through a feeling of a group of disinterested men that the Engineering Corps was not in a position to do it and that the Quartermaster Corps was also swamped. The committee felt that it was work for which only civilians were trained. In other words, that there was in existence no Army corps that was personally in touch with the contracting fields (p. 2718–2720).

The contractor recommended by the emergency committee, except in a few exceptions, got the contract; yes, sir. Under this contract you are contracting for services in a particular form. If you mean by your statement that it is not a contract but rather in the nature of the employer and that the effort was made in the contract to remove the hazard element from the shoulders of the contractor as far as possible, why, yes; of course, we were aiming to do that; just in so far as you increase the hazard element the Government was bound to pay a much higher price for his service (p. 2721).

I believe, honestly, that we could not have done the work under any other form of contract under conditions which were facing these men. I say further that the conditions of uncertainty still exists to such an extent even to-day, with the armistice behind us, that the large corporations of the country are finding it the only basis on which they can do large work, which is simply another way of saying the contractors are still facing a hazard element that the corporation thinks it will cost them less money to do the work in that

way than to pay the hazard element which would enter into the contract on the unit-price or the lump-sum basis (p. 2722).

I am very much surprised that the ordinary safeguards are not found in this form of contract. I can not understand that. You had the same safeguards of inspection, the safeguards of the materials, labor, and accounting that you have in the ordinary contracts. The only essential difference is the removal of the hazard. The gambler element is gone.

Mr. McKenzie. You admit that the hazards, in so far as the contracts are concerned, are removed?

Mr. Metcalf. With one exception, which is a very important one, which is the matter of payment, and that still contains the element that is burdensome. Theoretically, the contractor was to get his money for his weekly pay roll, but he did not by a long shot.

Mr. McKenzie. And the reason, as I understand you, was to encourage the men to go and do this work which the Government wanted done and done at once?

Mr. Metcalf. Yes, sir.

Mr. McKenzie. Now, with the system adopted, of course, the man that got the contract had really what we call a "safe bet," in the language of the street?

Mr. Metcalf. In a sense he did. In another sense he had the same necessity of building up a good record to make his reputation. He did not have the uncertainties of cost and the uncertain element of construction. That is true (p. 2722–2723).

We do not think the system was open to criticism and the ability to play favorites any more than any other form of contract, the competitive system being removed.

Mr. McKenzie. You stated on your response to Mr. Doremus that you thought it advisable to carry on the construction of the utilities at the same time you put up the shelter buildings. Now, there would be no difference in having the work done either under a lump-sum contract or under a form of contract such as the cost plus. The contractor could do that work by letting subcontractors do the work, just as was done in the construction work itself.

Mr. Metcalf. Yes, sir.

I concede that there are some very capable men in the Engineer Corps, and they made a very good reputation. But those men are not competent to handle an organization of this scale with which such a time limit in the way that the men who were drawn in this Construction Corps were. Their entire line of work and experience has been in a far different field. There were drawn into this Construction Corps men who were working in the commercial field, who knew commercial methods, who knew where to go for things more expeditiously than the men who were not doing it every day. It is not a question of competency; it is a question of field of activity (p. 2724).

Most of these men in the Construction Division could not have done it just as well if they had been commissioned in the Engineer Corps for this reason: The Engineer Corps had certain traditions, certain methods of doing the work. It had a stupendous problem on its hands in the handling of the engineering work abroad (p. 2725).

Mr. McKenzie. You stated awhile ago that in selecting the contractors you believed that they should select contractors who had organizations?

Mr. METCALF. Yes, sir.

Mr. McKENZIE. Now, when it comes to construction you contend that it is better to go out and build an entirely new organization?

Mr. METCALF. No; we tried to bring about the other thing, but it could not be done.

Mr. McKENZIE. Of course, just what was to that is not in the record so far. We had not had that as to the failure of the Engineer and Quartermaster Corps in the matter of construction. They have never admitted, so far as I remember, that they could not have enlarged their organization and done this work.

Mr. METCALF. I do not mean to imply that. I do not think it is a fact at that time—it was not some six months later, but at the time the Engineer Corps was not anxious. It did not want to take this problem. All of the men naturally wanted to get abroad and get in the scrimmage (pp. 2725–2726).

The construction was a simple work, rough and ready, more nearly analogous to the type required in railroad work; but it required the rapid assembling of forces. It did not require much of an architect or carpenter to build such a cantonment, but you had to have brains behind the man who drove the nails; you had to have the plans sketched out and material ordered and at the proper places. The administrative work was what counted. Speaking of the uncertainties which made it advisable to adopt the cost-plus system, it is true that in the spring of 1917, especially after we declared war, that the building business in this country came to a standstill, practically. The draft law was not in operation, but it was very imminent, although it had not actually taken place. There was labor then (pp. 2726–2727).

I do not think the emergency passed with regard to construction throughout the whole period of the war (p. 2728).

I do not know enough about it to express an opinion as to the continuance by the Government of that form of contract in its requirements in peace times. I should think that was doubtful. I think that in any emergency that is the form of contract that the Government will adopt as the sole form of contract. I think there are occasions where it would be more advantageous. I think where the competitive bidding is possible it is the safer form for the Government to adopt. I think you will be driven again to this form of contract, as you were this time (p. 2728).

Extract from memorandum from Col. Starrett, dated June 10, 1918, referring to the broadening of the scope of the emergency construction division and making it a separate section of the War Industries Board.

"The primary functions of the section would be:

"2. The section would (*a*) help the board to stop the waste of valuable time that is taking place in the construction field; (*b*) prevent the misapplication and waste of money that is now so plainly in evidence."

GEORGE B. WALBRIDGE (pp. 2732–2739).

Was lieutenant colonel in the construction division. Have been engaged in engineering construction about 18 years in Detroit and vicinity. Am now doing large construction work on a cost-plus

basis. There is much being done that way by large contractors now. You can not get a contractor who will take the responsibility to do it due to the labor market and material market both of which are very unstable at the present time; his bid would be prohibitive.

Prior to coming with the construction division I built Selbridge Field, receiving $95,000 fee. Then, I came down and was commissioned major at $250 a month. I do not think the change took away any of my ability to go into the field and build a camp for the Government (pp. 2734–2735).

I had charge of the construction of two camps, Camp Humphreys and Camp Custer. I do not believe there was any other way to have done the work as quickly as we did. As a contractor, would not have dared to bid on the cantonments on a lump-sum contract, I would be afraid of going broke. Labor conditions, the labor market, transportation and everything that goes into the hazard of the contractor when he takes the lump-sum contract, all things beyond his contract. I was asked as a contractor to make a lump-sum contract on the construction of aviation field in Michigan. I absolutely refused.

GEORGE W. STORCK (pp. 2740–2763).

Have been a certified public accountant since 1895. Expert accountant, Department of Justice for over 10 years, in examining national banks, mail fraud, bankruptcy, etc. Made investigations at Camp Lee under Gen. Littell under the War Department's orders—loaned by the Department of Justice. When I got to Camp Lee I found that there wasn't a voucher that had been audited or prepared although the disbursing officer had paid out over $4,000.000 (p. 2740).

Had a hard time getting vouchers. The work was stopped and a report of my work was never called for by the War Department. Since being employed by this committee I have made search for the records of that investigation, which were put into a trunk locker and corded, properly labeled, and placed in a storage vault at Camp Lee. Other employees of your committee have assisted in the search. Some of the things I can recall in connection with the construction of Camp Lee are the following:

1. Freights were being paid with the 100-mile limit.
2. Discounts were not being taken.
3. They were paying higher prices than contracted prices for lumber from local dealers.

These matters I called to the attention of the field auditor and he commenced to make these deductions, amounting to some $70,000 from subsequent vouchers.

4. Rinehart & Dennis, contractors, purchased hardware from W. T. Martin Hardware Co., and J. Hollis Rinehart and P. H. Faulconer were stockholders and shared in the profits (pp. 2743–2744).

5. Rinehart & Dennis bought $75,100.97 worth of lumber at $27.50 per 1,000 feet from the John A. Payne Lumber Co., resulting in a net profit of about $6,000. The stockholders of this company, under the name of the Faulconer Lumber Co., were P. H. Faulconer $5,000, Hollis Rinehart $5,000, and John A. Payne $5,000. They never kept minutes after Rinehart & Dennis got the contract for the construction of Camp Lee. Payne gave Faulconer and Rinehart his note for $10,000 for their stock, which was returned to Payne immediately following the completion of Camp Lee (pp. 2744–2746).

6. In going through the files of Rinehart & Dennis I found a number of claims filed by Rinehart & Dennis to the War Department, which were the same that I had charged back when I was at Camp Lee in 1917, some of which I believe have since been allowed and paid, amounting to about $80,756.05 (pp. 2747–2752).

7. As to the auto situation and auto hire, from personal observation at Camp Lee I know of automobiles lying for weeks in the garages not in use. I know of a number of instances, as shown on the exhibit (printed in the record, pp. 2755–2759), where the valuation put on an automobile was paid in rentals and the machine not taken over by the Government. Rinehart & Dennis's automobile rental book does not show that they were taken over (p. 2753). In a number of instances more rental was paid on cars than the valuation put on them. For example, valuation, $386; rental paid, $880; valuation, $386; rental paid, $895; and the records do not show that any of these cars were taken over by the Government (p. 2754).

I submit a comparison between the statement of Henry E. Riggs and the figures submitted by Bentley, intended to show the unit cost of construction done by him at Camp Sherman, claiming $7.77, and conservative corrections made show it to have been at least $9.45 (p. 2760).

I have had sufficient experience to be able to make a statement of the difference between ordinary wholesale and retail prices on ordinary builders' hardware. It will average between 20 and 25 per cent (p. 2760).

In the work I did at Camp Lee, the sheets of which were in the trunk, we found many and many discrepancies. For instance, we will say there was a record for 575,000 feet of lumber bought on an invoice; when we could get the inspector's tally sheet it would probably check 475,000 feet, with the 575,000 feet paid for by the Government (pp. 2762–2763).

SERIAL 3, PART 35.

(Pp. 2765–2776.)

Col. WARD DABNEY:

Called at the instance of Mr. James Bentley, of A. Bentley & Sons Co.

Was constructing quartermaster at Camp Sherman. I am in the Regular service. Placed the actual construction of the camp in charge of Capt. Rhoades, who was an engineer, the Capt. Rhoades who testified. I put different officers and civilians in charge of the different branches of work; all sanitary questions in the hands of Dr. Kenard; Mr. Rusk handled the office, timekeepers, and accounts; Capt. Connelly, fire protection; Capt. Coleman, the drafting room, material inspection, collection of data for progress, reports, and supervision of tally keepers; Capt. Fuchs, intelligence officer, and in charge of the filing and indexing system and provides for the troops; Mr. Pratt handled all details connected with water, sewers, and roads. After having assigned them certain work I looked to them to take care of the work so assigned under my general supervision and inspection, to report to me for further instructions and to bring to me questions that they considered necessary for my decision.

I know that there were men employed there under certain ratings who were not experts in that particular trade. Carpenter helpers, if employed, drew 40 cents an hour; carpenters, 60 cents.

My experiences with the plumbers were very trying. They would loaf on the job.

There was waste, but in my opinion it was unavoidable. We considered sorting, but decided that to put a competent man on those lumber piles would mean a greater expense than the value of the material itself, so we decided to leave it there. I produce a photograph dated September 17, 1917, one of our weekly progress photographs. (This is the same as the photograph of the same date left with the committee by attorney for the contractor, Bentley & Sons.) This shows the largest pile of waste lumber on that date. Wagon and team are to be seen, which gives somewhat of a scale to go by. We put power saws in there, with carpenters, and built those houses you see on the spot; 120 boiler houses and 30 hose houses for two-wheel hose carts. Gen. Glenn was informed that his men could take such as they needed from that pile to make sidewalks, benches, lockers, shelves, and anything for their convenience. (The picture of the pile was taken 12 days after the troops arrived.) Other piles of lumber are shown at other points on the map. A blaze near the center is from a pit where rubbish was burned. Laborers who worked on these clean-up wagons were ordinary men and very frequently picked up good material and it got into the pile, impossible to prevent it without expensive supervision. We decided it would be most economical to let them pick it all up on account of fire protection. In cold weather there were certain small fires maintained from the short pieces for the purpose of permitting the workmen to warm themselves, but no fires for the purpose of destruction existed. I left Camp Sherman December 16, 1917.

As to the commissary loss, it was brought to me and discussed and whether I made the payment on my own responsibility or whether I put it up to the Construction Division, I do not remember. I know I was in favor of reimbursing Mr. Bentley for this loss, for the reason that we figured if we raised the cost of meals beyond 30 cents it would have involved a raise in wages which would have amounted to more. The commissary was operated by the contractor at 30 cents a meal, the estimate made to cover the actual cost, but he underestimated it. I don't know who fixed the estimate, I didn't. I can't throw any light on the question of whether there was any incentive or responsibility resting on the contractor to see that he didn't run behind on this matter an then ask the Government to foot the bills.

The scale for auto hire was fixed by the Construction Division in Washington at $5 per day. It developed early that it was going to be necessary to keep some autos more than 10 hours a day, so Mr. Bentley, through his transportation man Tragellis or someone else, began paying some of those men overtime at the rate of 50 cents an hour, and asked me to fix that rate. I took it up with the Construction Division and Gen. Littell overruled it, but as I recall the claim was later made for reimbursement by Bentley, recommended by me, and finally granted by the Construction Division, amounting, as I recall, to about $8,000. (The exact amount was $7,878.71 (A-199).)

We took land with barns already standing and moved our fire apparatus into the barns, remodeling them to some extent.

The regimental layout as of July 1, 1917, in my idea, was a provision for buildings to house a regiment, including officers' quarters, stables, lavatory, etc., and men's barracks and roads; not a detail plan of buildings, but a layout of ground, as I understand.

When I turned the camp over to the commanding general, I turned over material invoiced to him by the camp quartermaster running up to between $50,000 and $100,000.

When we got instructions to change the layouts and units as a result of the change in the organization of divisions, we found it more economical to remodel some of our buildings already constructed and to continue a second floor over the one-story barracks buildings, which was the typical plan. We found by doing this and by dividing certain of those buildings, with partitions and separate stairways, we could house a regiment adequately, although parts of two different regiments occupied one building. So that different units, companies, battalions, and regiments, at times, did occupy parts of one and the same building.

Lieut. Col. COUPER. That happened everywhere.

SERIAL 3, PART 36.

(pp. 2777-2883.)

Hearings held at Washington, D. C., January 16, 1920.

Capt. JOSEPH. N. PARROTT (pp. 2777-2784):

Captain, Quartermaster Corps, in charge of industrial service of Construction Division, and statistics.

Roughly, I should say buildings of an average cantonment for shelter of men, including line and field officers, and for animals, as distinguished from the administrative buildings for brigades and larger units, and special buildings such as theaters, community houses, hospitals, and storage buildings, and the outside utilities, run about 50 per cent (pp. 2777).

The witness furnished a supplemental table, showing the items of the changes in the wage scale at Camps Sherman, Grant, and Funston, which shows, among other things, the following:

Camp Sherman, carpenters' wages, 60 cents initial rate, changed to 65 cents, October 21, 1918.

Camp Grant, carpenters' wages, 62½ cents initial rate, changed to 70 cents, September 20, 1918.

Camp Funston, carpenter's wages, 65 cents initial rate, changed to 75 cents, November 19, 1918.

I should say that 50 per cent of carpenters' helpers could be used in connection with carpenters, for each carpenter, one helper.

HARRY C. SANFORD (pp. 2784-2789):

Civil engineer; 25 years' experience; chief engineer, Degnon Construction Co. of New York for past 20 years. It is capitalized at $600,000, and in 1917, think it had a surplus of about $2,000,000 and possibly $500,000 worth of equipment.

I know that Westinghouse, Church, Kerr & Co. stand very high, and I think they have an organization such as would enable them to carry out large construction work such as the construction of one of these cantonments, and, from their representation, would say they are perfectly able to carry out any contract of that kind (pp. 2784).

The P. J. Carlin Construction Co. stand very good, in my judgment. I have always understood it was a strong concern (pp. 2785).

Our company received a questionnaire from the emergency construction committee. I have charge of making estimates. After looking at Quartermasters' Manual, Appendix 16, and the problems beginning with sheet 12 and the following sheets, covering two-story barracks, I would say that we would have made a bid on the lump-sum or unit price based thereon, in 1917, despite the fluctuation, with these provisions; that we would have been protected as to fluctuations in labor, and with the assurance that our materials would have been delivered by the Government, which could have been done in a contract, simply by inserting that the bid was based on certain rates, and that any actual increase would be added to the price (p. 2785). I would not say the construction was complicated work. I would not say from the plans and blue prints shown me that we could have included all the miscellaneous work, such as utilities, in a fixed bid, but as to the buildings themselves, I think we could have made a bid, with the provisions I mentioned. As to the utilities, you would have had to have very definite information, and, based on the size of the sewer and water system, I would say that it would take three weeks to get up an intelligent bid.

We took a lump-sum contract for the Government, and got the work completed in time. The subway work we have been doing in New York is on a fixed-unit price basis (p. 2788–2789).

Extract from letter of James C. Boyd, first vice president of Westinghouse, Church, Kerr & Co., in response to inquiry as to whether their offer, referred to in the telegram of Maj. Krauthoff (A. 63), contemplated all classes of work:

> My further recollection is that it was our intention to offer the entire service of our company, to do anything the Government might desire us to do, utilize our facilities in the fullest possible manner, no reference being made to whether the work was small or large, but as our capacity was very large, we naturally expected that we would be utilized on a large volume of work (pp. 2789–2790).

On pages 2790–2791 are printed extracts from tables submitted by Gen. Littell, showing that at Camp Grant and Camp Sherman the railroad companies built the railroad trackage within the camp, and that the contractor built none in either case.

RAILROAD CONSTRUCTION AT CAMPS.

Brig. Gen. R. C. MARSHALL (pp. 2791–2832):

Have testified before. Am chief of Construction Division. We had planned prior to the outbreak of the war, standard plans for buildings (pp. 2792). Gen. Littell and Mr. Wheaton, the advisory architect, had discussed at length the layout, the question of one or two-story barracks, and if my information is not incorrect, it was then that the question of two-story barracks was determined. This was before the cantonment division was formed. That was about the middle of May, 1917 (p. 2792).

In determining the question of how the work was to be handled we had the advice and counsel of a number of men. Among the most prominent were Mr. Fuller and Mr. Metcalf, who have testified, and naturally men of that character inspired great confidence in formulating a judgment as to what was to be done.

There were a number of courses open as to whether the work should be done on the cost-plus basis or whether it should be done on a unit-price basis; whether we should try to form our own construction gangs during the war without any contractors or whether we should try to commission enough of the contractors to supervise the work.

I think that practically every phase of it was discussed. It is in the realms of possibility that some other plan might have succeeded, but I hardly believe that it is in the realms of probability. We were working under a tremendous strain (p. 2793).

As it turned out the cost was but 5 per cent different from the estimate made on May 26 as to what the cost would be (p. 2794); that is, for the things included in that estimate to which other things were subsequently added. This was for an army of 624,000 men in the 16 camps.

When it came to selection of contractors Mr. Lundoff and Mr. Tuttle retired, and Mr. Starrett, Mr. Olmsted, Mr. Metcalf, Mr. Fuller, and Mr. McGibbon formed the committee for the selection of contractors. Mr. McGibbon was a surety company man (p. 2794). The estimate referred to is sheet B (p. 2284).

We were conscious of the fact that on a construction job of this magnitude there would be from 8,000 to 15,000 workmen, many of them taken from the flotsam and jetsam of the laboring world, and that therefore, there would be a tendency for loafing, graft, and dishonesty among a certain proportion of them; it was one of the most difficult situations we had to face. I called on the Department of Justice secret service, to aid us, and some arrests were made (pp. 2794–2795).

I do not recall whether Tregallis was apprehended. Recall no names now. I believe we caught a minority rather than a majority. I was pointing out the great difficulties of our job.

Going back to the labor element that we had to contend with, the laborers that we got did not perform their work as efficiently as it had been done prior to the war. That, again, was one of our enormous difficulties.

To get from 8,000 to 15,000 men to work effectively and efficiently in a question of four or five weeks was a task almost impossible of accomplishment. We had to take such labor as we could get. If there was a superfluity of labor in the country which was not available at the places where we had to use it, the conditions at the places where we did have to use it were more difficult than your mind can very well bring itself to believe at this time (p. 2796).

Camp Upton, instead of proving a place where labor was easily handled, proved the most difficult. Transportation on account of the jam was also difficult and delayed there. I was called up by Col. Lockridge, of the War College, stating that if the buildings would not be ready, the first increment of the draft would be delayed. I said, "Nothing doing. If you will tell us the day that you are going to get the first draft, if it is August, we will have a place for them." That is the way I felt.

So the imputations that are thrown at labor, that they were not efficient, are correct. Just why it was so several men may have several opinions, but that it was so there was and is no question of doubt.

I might add right here that from the beginning of the war up to June, 1919, we had 904 strikes, yet not a single construction job was late one day of being ready on the time that in the beginning of the job it was said that it would be ready. These strikes were handled by a section of the Construction Division in cooperation with the labor people and, I believe, got into the newspapers to a very limited extent. The man that has got to cope with that has got some job (p. 2798).

I know that it is a fact generally that these strikes were settled by conceding that the workmen were entitled to their raises.

It is true that our labor was a small percentage organized labor; a large part of it was unorganized labor. We had to use men as carpenters that were not carpenters—that were saw and hammer men—but we had to get the job done, and if a man could handle a saw and hammer and we could not get a man who was a finished carpenter, why, it was a question of getting the best that we could get (p. 2798).

I have no doubt it had some effect that men at one camp knew that men at another camp were receiving more pay.

But I am absolutely free to say that this thing presented one of the greatest difficulties of our lives at that moment—this very thing you are talking about (p. 2798).

I do not think the efficiency went up in the same proportion with the wages. I think it was due to the scarcity of labor as the war went on. After while a man knew you could not discharge him. He knew you could not replace him. I think it was due to that more than the fact that they knew that the strikes were settled by moving the wages up.

On the other hand, I think it is perfectly wonderful that the results obtained from these laborers could be obtained. I am not assigning the reason for this inefficiency; in other words, I am not accusing labor in itself of deliberately bringing about this inefficiency, because it was, perhaps, due largely to trying to organize too great a force in too short a time to produce effective work (p. 2799).

I do not believe these camps could have been constructed under any form of contract which required the preparation of complete plans and specifications, and think I am in a position to know, and can confidently assert that surveying alone for inviting bids on sewer work would occupy almost as much time as it took to construct the plants, and the surveying parties were very little ahead of the necessary office work of determining grades and locations, and the necessary plans for inviting bids could not have been prepared in sufficient time to make the awards so that the work could have been done. It had to be done under some method whereby the work could keep ahead of the plans, and not have the work begin only upon the completion of the plans (p. 2799).

Contractors were not allowed to evade the maximum fee by having the contract declared ended before it was ended.

I think it was the latter part of July when it was definitely known what buildings and utilities would be needed in these cantonments (p. 2801). I refer now to the military organizations as reported to us from France in the divisions, brigades, regiments, battalions, companies, etc.

Gen. MARSHALL. Yes, sir; the organization into divisions, brigades, regiments, battalions, companies, and so forth. The unit of barracks was for a company or a corresponding organization—a troop or battery. Under the tables of organization that existed at the outbreak of the war, the maximum size of the company, as I recall it, was 150 men, and we laid out our original lay-outs that were sent to every cantonment, on the basis of the two-story barracks for 150 men. Subsequently the reorganization of these tactical units that Gen. Pershing reported to this country called for 250 men to the company. This was while the places were right in the middle of their construction, and it called for a considerable reconsideration of what we had done so that the division could be accommodated in the proper relative locations to get the best results for training. That was one of the things that had been reached in the middle of the job and which the flexibility of the contract permitted to be handled without any call for extras from the contractor.

Another thing that happened was the question raised by the Surgeon General's office that we should limit the number of men in one dormitory to 35. That again led to a reconsideration of the type of barracks, and the final barrack that was adopted and used universally is the one we know familiarly as the 66-men barrack.

Mr. DOREMUS. Now, about what time was it definitely known what the permanent dimensions of these barracks would be?

Gen. MARSHALL. Why, what we had to do when that reorganization came about was to take the barracks that were already up and either partition them off or give one outfit the second story and another outfit the first story, to make those barracks buildings fit the organization. We had to do that because the barracks were already up, and the layout was such that they had to go ahead with them. Just when we finished the plans for the 66-men barracks I do not recall; I suppose it was August (p. 2802).

I would say the work of actual construction was begun immediately after definite determination of the site. Our planning and our part of the work in the selection and ordering of material to be shipped went on concurrently. The constructing quartermasters took the train the day the site was selected, and our material division ordered a definite quantity of lumber and other material shipped, and the request for a contractor was made and completed. We acted without delay (p. 2802). During the peak of construction on these jobs, we had 427,000 men. The labor turnover was tremendous. At Camp Upton I think they had 35,000. The peak, I think, was 15,000. By peak I mean the greatest number of men on the job at one time (p. 2803).

In July, 1917, engineering officers were assigned to the construction work, principally as assistants at different places. Reserve Engineer officers. Principally in connection with the National Guard camps. The idea that Reserve Engineer officers controlled the policy of the construction is—why there is simply just nothing to it. There were 68 out of 1,500 during the whole period. We had 1,485 officers when the armistice was signed (p. 2804). Unquestionably the men commissioned in our division would have made capable Reserve Engineers. They were capable men.

It is a fact that the Engineer Corps did try to absorb the Construction Division during the period of the war after the canton-

ment period. Please mark that "after the cantonment period." It came to my ears, I do not know how true it was, that it was the judgment of the Engineer Corps that the cantonments could not be constructed in that period, and therefore they did not want to have anything to do with it. Mr. Fuller and Mr. Metcalf stated that the Chief of Engineers said he did not have enough class A officers for his own purposes, although he was very liberal in permitting us to use officers of other classes. Then, after the cantonments had been built, and the thing was a success, from that time on, they wanted to absorb the construction (p. 2805).

I do not deny there is some feeling on my part on account of the constant and uninterrupted efforts that were made by the Engineer Corps in the middle of the war, when we were doing our work. Why could we not have been left alone until after the war? (p. 2805). The Chief of Engineers consented that officers might be commissioned in his branch for assignment to the Construction Division. At the time we entered the war, the Engineers had not done much of a class of construction like cantonments; practically all rivers and harbors and fortifications. Camp construction was only about one-third of the construction that the Construction Division had to do.

Extract from table of materials used in the construction of equipment of National Army cantonments.

Unit:	Lumber, feet.
Custer	47,173,066
Devens	43,700,000
Dix	41,000,000
Funston	42,140,000
Gordon	48,334,833
Grant	48,440,562
Jackson	51,150,000
Lee	57,508,000
Lewis	52,956,256
Meade	51,759,600
Pike	52,500,000
Sherman	45,000,000
Travis	47,000,000
Upton	51,000,000
Subtotal	679,662,317
One-eighth added	84,957,500
Total	764,617,500

(P. 2808.)

[Extract from editorial in Engineering News Record May 16, 1918, offered by Gen. Marshall.]

We hear much of Government inefficiency. Some time ago the papers were full of comment on the lagging of the Ordnance Department program, and now we are realizing that the aircraft program has failed miserably. But when these instances come to mind, do we remember that the Cantonment Division "made good?" It got an order to build 16 cities in three months, and it did it. There has been criticism of inefficiency, of overpayment, of labor. But the chief consideration was speed, cost was secondary. The cantonments were delivered on time.

They were not completed in three months They were completed up to the point of the demand made by the draft people (in this connection see letter of Gen. Crowder to the contrary, p. 3003.) The majority of the camps were completed in October. One or two hung

over until December, but so far as shelter was concerned I think they were completed in October (p. 2812).

(At this point were offered telegrams relating to Camp Lewis, showing that the camp quartermaster took over the work prior to the completion of the contract (p. 2813).)

The things that were not ordered from Washington would be procured by the contractor subject to the approval as to price, of the constructing quartermaster. We had a lumber organization here in Washington for the lumber, composed of men representing the big lumber interests, and they made allotments to the different camps, with direct shipments. The prices at which they could buy at the markets were subject to the surveillance of the constructing quartermaster. After conference, I estimate that about 75 per cent of materials we supplied from Washington, although perhaps plumbing was not so large a percentage (p. 2814).

Gen. MARSHALL. Well, it meant, I think, that on a lump-sum form of contract, under the conditions as they existed, a contractor would put in his bid under certain prevailing labor conditions, and as the war progressed I think the thought was in their minds that conditions affecting labor would change from time to time, and that under the other forms of contract an equitable change of conditions could not be made without recontracting. I think that was possibly what was in their minds, although, of course, I can not speak for them. (P. 2816.)

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Mr. MCKENZIE. Looking at it simply from the human standpoint only, until the contractor had reached that maximum, until the cost of the project brought it up to the maximum fee provided, $250,000, of course there would be no incentive to save except his desire to be on the square with the Government; isn't that true?

Gen. MARSHALL. That comes into this, Mr. McKenzie, just as it comes into all the human relationships (p. 2817).

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Mr. MCKENZIE. Yes; an ordinary human being. We are all swayed more or less by our own personal interests and watch the things that will inure to our benefit and are apt to forget or overlook things that are more particularly of interest to other people.

Gen. MARSHALL. Upon that premise I will agree with you.

Mr. MCKENZIE. Now, that gets up to the maximum fee.

Gen. MARSHALL. Yes.

(P. 2818.)

Every time there would be a change, we would have to reconstruct, as for extras, which this form of contract avoids. He gets his percentage on that. I do not believe it would have been practicable because of the question as to what was included and the danger of charges between collusion between him and every officer on the job.

Mr. MCKENZIE. As a practical proposition you will concede the effect on a contractor of giving him a bonus for keeping within a certain estimate or penalizing him if he goes beyond it; those affect him directly?

Gen. MARSHALL. If you have the actual time necessary to deliberately make the changes so clear that there can be no reasonable doubt as to where he started and where he stopped; yes.

Mr. McKENZIE. But the contract under which you were operating did not contain those conditions?

Gen. MARSHALL. No, sir; and we had no plans upon which such a proposition could be properly made. We had no plans upon which the bogey could be set up. I believe that that question was considered by this committee, too, in addition to the other committee. I believe it was.

(P. 2819.)

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Gen. MARSHALL. Our estimates were liberal from the point of view of the total cost of the job. But when we came to take the amount upon which we were going to base the fee for the contract we held that estimate down to a fair amount (p. 2820).

We have let practically all lump-sum contracts since the armistice was signed. We believe that is the law. Can think of only one we let during the law, which we let for $40,000, and which cost the contractor $60,000, a bridge at Fort Riley (p. 2820).

I think we suggested the character of the men, and the Assistant Secretary of War consulted with Col. Junkersfeld about who should be selected, at some length, for the Board of Review, whose report has been offered to your committee (p. 2821). That emanated in the office of the Assistant Secretary of War, Mr. Crowell.

Construction work is one of the most vulnerable things you can conduct. It is open to mismanagement and collusion between people, if they will do it. That has always been the history of it. So, anticipating that after the war an investigation would come along, he decided to take this action; that is my judgment (p. 2821).

Asked whether he supposes the loafing, etc., that occurred would have occurred under the unit or lump-sum system where the contractor was responsible, Gen. Marshall answered:

> I think it was out of his control. * * * They did the best they could. They could not give their whole attention to any one thing.

Ten per cent loafing would not be general loafing—that is, if 1,000 were loafing out of 10,000, and that would slap you in the face, and isn't that where your testimony comes from? I do not think there was general loafing on the job.

Mr. McKENZIE. It was testified to by a number of witnesses, and they were men of experience as carpenters and builders, many of them of 25, 30, and some 40 years' experience, that in their judgment there were twice as many men on the job some said, and others one-third more men, and others 25 per cent more men on the job than was necessary. That being true, the man who had charge of that work, if he were responsible, wouldn't he have had 10,000 men on the job, or perhaps 14,000 men on the job instead of 20,000, or possibly, would not he have had 5,000 men or 6,000 men on the job instead of 10,000 or 15,000? Would not he have had a closer organization? The loafing was not all deliberate, according to the testimony, but was due to the fact that under the management that existed there were too many men put on the job, and that they were in each other's way and therefore it necessitated loss of time.

Gen. MARSHALL. There can be no doubt that there is something in what you are saying, but this is the thing that is overlooked, and which I believe is of much more importance than the point you are

driving at: Had the necessity for speed existed, and had the contractor been of the frame of mind that he was going to make money, where would our speed have gone? He would have put on the job only men from whom he could expect 100 per cent efficiency? If any job could have gotten along with 25 per cent less men than they had, we did not know it, because we were trying to get more men on those jobs all the time to get the jobs done. I grant you that from the beginning there was inefficiency. I do not try to belittle the job from the standpoint of inefficiency, and do not try to belittle the men, but that there were a great many men on there who were loafers, who were of the type of citizens that we should not have had on that kind of work, and all that kind of stuff, and that there were enough of them to create the impression that you have just been voicing—but the fact is that there was no general loafing.

Mr. McKenzie. Isn't this about the condition of your mind, and it is an honest view that you take of the situation: That there was inefficiency; that there was great waste; that there were too many men employed, which cost the Government more than it ought to have cost, yet notwithstanding all those facts you got the work done, and that was the job that was up to you—to get the work done?

Gen. Marshall. That is the primary thought; but as to great waste, you take a contractor's estimate and he will estimate around about 10 per cent for waste on lumber. If we had 10 per cent waste on lumber on one of those cantonments we had 5,000,000 feet of lumber wasted. There was not 5,000,000 feet of lumber wasted at any camp. And that lumber classed as waste in the minds of those people who were talking was subsequently used for shelving and to make boardwalks and other things in connection with the camp. Some of it was burned up, it is true, and as used for that purpose it was wasted. But there was no great waste in the sense of the Government losing more of that material than would have been lost on an ordinary commercial job, on which it is the standing practice of contractors to write off that much when they make a lump-sum bid (p. 2822–2823).

As to lumber grades, we had inspectors on every job, and if it was up to grade we paid for that grade. If not, we either rejected it altogether or procured its acceptance as a lower grade. The reports that came to me did not show, that I know of, that the Government had suffered particularly in this respect (p. 2824). Our percentage of waste did not run 10 per cent on lumber, and even that was not wasted. It was used subsequently for general utility purposes around camp. I believe contractors, in making bids, make an allowance of 10 per cent on lumber like this. Do it by different processes, but ultimately the result about the same (p. 2824–2825).

(Report of committee as to method of doing construction work, dated March 15, 1918, is here printed at pp. 2825–2827. This report recommends the continuance of the cost-plus contract.)

Col. Evan Shelby, testimony resumed (p. 2832–2848):

I believe every safeguard is contained in the cost-plus contract, which you could have used in a contract for the construction program of the cantonment division, considering first of all that speed was the essential thing (p. 2833).

All the great mass of construction material was bought through the central office in Washington, and what was bought on the job could only be bought by the approval of the engineer or Government representative on the job, and was inspected by them and not paid for unless up to standard. The Government determined the wage scale to be paid, and inspected the progress of the work through inspectors and timekeepers under the provisions of the contract. The inspector did not see all the men all the time, but you could not have one inspector for each man. The Government provided the schedule rates of rental, and a provision for variation and the right of the Government to take equipment over when rental equaled the valuation, is in the contract, but rentals from third parties had to be approved by the man in charge. We took over hundreds of automobiles where the Government had just paid the price, and the contractor was out his interest. I have no personal knowledge of the cases referred to by Mr. Storck (pp. 2833–2835). I have procured certain reimbursements for insurance. The contract provides against the contractor making money on collateral business or concessions.

Found it difficult to raise the price of the commissary after a rate was established. The prices of materials were not fixed by the Government. Usually approved by the Government representative.

Undoubtedly the Government had the power to dismiss the contractor, but it never exercised it. They had outlays outside of the contract that they are making claims for, but which I can not allow them under the law (p. 2830–2840).

The instances recited by Capt. Wessen, at record page 2484, where apparently contractors got fees in excess of the maximum, arose probably through a natural error because of errors in transcription in writing up the cards. The first one is the Bryce Co., who had a maximum fee of $80,000, and received that sum. The second, Cowper & Co., had a maximum fee of $29,500, and received $29,250. The next, Charles F. Hart, had a maximum fee of $5,500, earned and paid. The next, Hampton Roads Engineering Co.—I find the fact to be that there was a maximum fee of $75,000, but they actually earned and were paid $72,922.80, work curtailed by the armistice. The next, Henry J. Miller; had maximum fee of $16,000; fee actually earned and paid $10,743.82. The next, the National Shipbuilding & Drydock Co.; had maximum fee of $250,000, and the amount earned was $69,560.36. The next, Snare & Treist Co.; had maximum fee of $349,322.18, and that exact amount was paid. The reason for the odd amount was because of a readjustment. The next, Tredenninck Co.; had maximum fee of $25,000, and the fee earned was $25,000 (pp. 2841–2842.) I was surprised at the number of contracts where the maximum fee limitation did not apply, and find that in the list are included all small contracts and some 182 that were in the height of their progress when the armistice came, and which were then abandoned, but paid for under the printed schedule of fees at the rate governing the amount of work done.

Provision 8 of the contract, providing for termination, was of great value to the United States, I think. Under lump-sum contracts, contractors, under the law, usually have a right to full compensation and to their full prospective profits. I think I would divide the contractors 50–50, those who were liberal to the Government and those who were in it for all there was (p. 2845).

The reason the emergency construction contract was continued in use was that we considered every job we had of the emergency type until the armistice was signed (p. 2848).

Maj. Gen. JAMES G. HARBORD (pp. 2848–2883):

Am a major general in the United States Army. Was Chief of Staff of the American Expeditionary Forces, commander of the Marine Brigade of the Second Division, and on July 29, 1918, was assigned to command the Services of Supply, and in such positions had very full opportunity to observe the work of the various branches of the service in France.

I was asked over the phone yesterday to testify relative to the work of the Engineers in France, and have prepared a formal statement, which I think will state it more clearly than I might in testifying orally.

The engineer construction work for the Army in France was probably accomplished under far greater difficulties than was similar construction executed in the United States. In the first place, we were operating in a foreign country, with an unfamiliar language, at great distances from our sources of supply, with every energy of the French nation strained to the utmost to carry on their own activities and the activities of the other allied armies operating therein, with no available force of well-organized engineering construction corporations impelled by patriotic enthusiasm to undertake military projects on request of our engineers. Every type of material used in construction was extremely difficult to secure in France, it being necessary to ship it from the United States or to go into the forests, in the case of all kinds of timber, and procure it with our personnel sent over from America. Moreover, the supply of available labor, outside of our troops, was extremely small, consisting of most inefficient types of labor, such as Chinese coolies, Spanish and African laborers of heterogeneous types.

This work in France was further complicated by the enormous demands made on shipping and all other transportation and supply facilities for the rapid movement to France of the units of troops themselves at the same time that the construction materials and organizations required transportation.

In the United States, on the contrary, the construction agency had at its disposal the entire resources of the United States in construction matters, and there was nothing to delay the initiation and execution of construction projects. This was true not only as to personnel and organization both for supervision and execution, but also of material needed for the construction work.

It seems to me probable that the Corps of Engineers, with its district offices distributed throughout the entire area of the United States, could have undertaken the construction of the cantonments, allotting one or two of these cantonments to each district office, in such a way that the work could have been pushed to a conclusion without noticeable delay, difficulty, or unwarranted expense.

It is stated that the construction work in the United States was delayed for the preparation of forms of contract to be adopted, for the preparation of surveys of cantonments, and the preparation of plans, whereas, under the system the engineers used in France, the work could have been started immediately on the selection of the cantonment sites, without the necessity of waiting for any of the preliminary arrangements mentioned above. As a matter of fact, in France our engineers made no surveys whatever of cantonment sites before commencing construction, and this method could readily have been followed in the United States by placing competent engineers as supervisors on each job, and proceeding at once, by hired labor, to execute the first steps in the cantonment construction projects.

The extent of the work carried out in France was practically equivalent, in general, and in some cases probably greater than that done by the Construction Division in the United States. This has been summarized by a disinterested reserve officer, Col. Leonard P. Ayres, of the General Staff, as follows:

"The conduct of the war in France necessitated a construction program comparable in magnitude and number of projects with that in the United

States. Less new building was required for shelter and for the manufacture of munitions, but more for the development of port and railroad facilities and for the repair and operation of the complicated equipment of a modern army.

"The storage space constructed in France was more than nine-tenths as large as the amount built at home. Hospital capacity constructed in France was twice the new capacity at home."

To accomplish this work in France it was necessary to assemble material from Switzerland, England, and the Scandinavian countries, as well as from Holland, Belgium, and France. The militarized labor was not sufficient, and it was necessary to import laborers from those various countries as well as from Asia and Africa. This introduced difficulties of supervision, administration, and supply not existing in the United States. Due also to the activities of the enemy and his varying successes, changes in plans were numerous, and not infrequently the Construction Division of the S. O. S. was more or less completely stripped of its material and labor to meet the situation at the front. A study of detailed statistics will demonstrate that the problem confronting the Division of Construction of the Engineer Department abroad was far more difficult than that which had to be solved at home. No contractors with their organization and facilities were available in France, and the work there had to be done by day labor, necessitating an organization from the ground up and the utilization of whatever material or labor could be found.

The engineers in France were further seriously handicapped by the demands made on the engineering construction resources of the United States by construction here, without any power of coordinating the requirements at home and at the front. If both of these projects had been under the same chief, the coordination which could have been secured would have much facilitated the economical and rapid completion of both projects.

In order to avoid this competition in time of war for personnel and material for engineer construction for the military operations, it is absolutely essential that there should be one head to all of such work, who, in my belief, should be the Chief of Engineers (p. 2849–2850).

I would like to say in conclusion of this part of the testimony that there could hardly be a more diversified line of work than was done by the Engineers in France, which included all construction of port facilities, docks, wharves, storehouses, railroad tracks, sidings, switches, and the construction of something like 20,000 barracks in various parts of France, the construction of remount stations, remount depots, office rooms, alteration of French barracks, and making them suitable in part for offices and things of that sort; and, in short, almost every conceivable form of construction. There is hardly a type of construction that could be thought of that was not included in the work of the Engineer force in France. I consider that the work they did over there was as well done as was the work of any staff department over there, and it was exceedingly creditable. I do not see very well how it could have been done better. (p. 2852.)

(At pages 2852–2880 is printed an article for the military engineer on the work of the Engineer Corps, A. E. F., by Lieut. Col. J. E. Woodruff, with comments on same by other officers, from which the following extract from the comment of Maj. Gen. Langfitt is taken:)

Our experience in France brought out the fact that all construction in the theater of operations should be under one head, and that head, beyond question, should be the Engineers—fitted by education and training especially for such work. The previous training of our officers in construction, mainly in river and harbor work and fortifications, was of the utmost value to them in dealing with the large problems arising in France demanding prompt decisions and rapid results. From this previous experience the satisfactory organization of the work was promptly developed and no time was lost in experiments. That Army engineers should be trained in such work is so apparent that to state it seems almost supererogatory. Further, that all construction of the Army, in peace as well as war, should devolve on them as one of their duties seems equally apparent. The present situation, with an engineer construction branch in the Quartermaster Corps, is anomalous and should be corrected.

Aside from the value of such work in time of peace as a training school where young engineers under older and more experienced men can be trained in construction methods, handling contracts, contractors, and men, there are other controlling reasons for such assignment of Army construction. These may be briefly enumerated as follows:

(*a*) The Engineer Department is already organized for carrying on work of all kinds and magnitude. A separate organization for the purpose is an evident duplication.

(*b*) An economy in overhead charges would evidently follow.

(*c*) Greater economy and efficiency in the actual prosecution of the work should certainly follow. That is what trained engineers are for, and the record of the Corps of Engineers bears out their claim to efficiency.

(*d*) Elimination of competition between various branches of the Army in purchases of supplies and labor in peace and war, as was conclusively shown to be necessary in France. (pp. 2873–2874.)

and the following editorial relating thereto:

EDITORIAL.

CONSTRUCTION WORK OF THE ENGINEERS IN FRANCE.

In this issue appears an account of the work of the Engineers of the United States Army in the theater of the World War. It is a simple record in plain fact and actual figures of one of the greatest and most varied construction tasks ever undertaken and successfully accomplished by human energy. It describes briefly the achievements of the Corps of Engineers without underrating the work of others who did their part, without attempting to decry their efficiency, impugn their motives, besmirch their good name, or destroy their usefulness, although efforts to destroy the good name of the Corps of Engineers have recently appeared in certain contemporary publications.

The men who did this work, the officers of the Corps of Engineers, and the men from every branch of the American engineering profession who responded to the call strove under many difficulties. They were not at home, working under conditions in some respects more favorably than those of peace, but abroad in a strange land, facing new and unknown conditions, amongst a foreign people, speaking an unfamiliar language, having different customs, a different mental attitude, and often a lack of sympathy and the will to cooperate, due to the lack of understanding. The material resources of the United States were not at hand and readily available, but 3,000 miles away, across an ocean infested with hostile submarines. Our engineers did not control the transportation facilities of France—the railroads which were essential to their task. They did not have at their backs the organized efficiency and patriotism of the skilled contractors of America.

It was, moreover, not a simple task of building construction which these men faced, but a complex and intricate project, involving every variety of structure and installation. In the beginning they lacked almost everything necessary to the prosecution of their work, personnel, supplies, equipment, transportation, though, happily, they possessed an organization well adapted to the difficult situation and capable of expansion.

Almost everything they lacked, but not everything; for these men possessed a practical knowledge of the fundamental economics of warfare, which demand prompt results, stripped of all niceties and refinements, sufficient unto their purpose, and no more than sufficient. But, above all, our engineers had the will to conquer, the genius of achievement, the "never-say-die" spirit that always has surmounted and ever will surmount all material obstacles. Herein lay the certain guaranty of success.

The heavy task was accomplished—rapidly, efficiently, and thoroughly done in face of all difficulties, and it constitutes a proud monument of achievement in the field of engineering and construction.

The record is a worthy one and adds luster to the reputation of the Corps of Engineers and the American engineering profession. And every American citizen whose soul is not dead within him should thrill with a mighty pride in the magnificent worth of the American Army engineer in France (p. 2880).

It was not my observation, Mr. Chairman, that the Engineers, as stated by Mr. Fuller, were delayed in France on account of lack of organization and lack of direction and that they were not able to

pick up in speed. I think I have shown the difficulties confronting them. I considered their work very well done, and we never found them wanting when we needed them. They went ahead without surveys in their construction. They had plans, of course. I think the work was successfully done, and as expeditiously as could have been hoped for. I saw none of the construction in this country, but my impression would be that it could have been done and even improved on in this country under the Engineer Corps. Of course, we had some of the biggest civil engineers in the country, who wore the uniform of the Engineers, and they are included in my statement; and those projects were carried on by men drawing the salary of a major or colonel in the United States Army, and sometimes by men drawing lower salaries.

Mr. McKenzie. What is your judgment as to the matter of placing construction work in our Military Establishment in peace time under the Engineer Corps?

Gen. Harbord. I can see no reason whatever why it should not operate successfully under the Engineers. It seems to me to organize a separate corps for that sort of thing simply adds to the overhead charges and increases expense without any corresponding increase in efficiency.

Mr. McKenzie. And whatever construction might be necessary to be done by any corps if placed under the Engineers of the Army would give them experience along that line?

Gen. Harbord. Yes, sir; and would fit them for future wars. When we went to France we, of course, talked over a great many details of organization on our way over. I went over on the ship with Gen. Pershing, as his chief of staff, and we had conferences by the staff department, the men who afterwards became chiefs of their services in France. We talked all these things over. The Engineers had never had anything to do with the construction of barracks in this country or ordinary construction around Army posts, as that had been under the Quartermaster Department. Nearly all those details were thrashed out, and conclusions reached in conference on the ship as we went over. Gen. Pershing was convinced after we had talked these things over that it would be a good idea in France to put all classes of construction under the Engineers, and he did so, and I have to say that the results vindicated his judgment.

Mr. Doremus. Gen. Harbord, I want to go on record as indorsing what you have said about the efficiency of the Engineers and the fine work they did in France. It is a fact, however, isn't it, that this work, splendid as it was, was subjected to criticism throughout the war and is still subjected to criticism?

Gen. Harbord. Oh, yes. There isn't anything that has been done over there, from Gen. Pershing's conduct of the war down to getting the boys home, that has not been made the subject of criticism (pp. 2882–2883).

SERIAL 3, PART 37.

(Pp. 2885–3022.)

Hearings held at Washington, D. C., Januray 17, 1920.

Charles William Bernhardt (p. 2885–2896):

Contractor and builder, Atlanta, Ga. Formed a construction company for war work. Used my utmost endeavor with Emergency

Construction Committee, but never received anything at their hands. Was called on by the Housing Corporation, however, to submit a competitive bid. They not only required the amount of the entire project, but they also wanted the cost per building, and the cost per unit on each of the several items that entered into this work. I did this and had it all ready for them when the armistice came on. On this contract I was to receive a part of the saving up to one-half of the commission allowed, and in the event I exceeded the estimate I was to be penalized a like amount down to one-half the commission (pp. 2885–2886).

Mr. Starrett raised the question with me as to the size of my active organization, which consisted, as I recall, of one superintendent, about three foremen, and about 30 men; that not having a larger organization, I was hardly eligible for a large contract. I made this point, that I had the nucleus, and that from my knowledge of the territory and my acquaintanceship with the conditions and the men who were in that territory, that my organization was ample to build an organization with which to handle any proposition. I feel safe in making that statement for the reason that I happen to know that my organization was fully as large as any organization before that organization received any work in that section (p. 2886).

The Tufts Special, as it was known in our section, which received the contract for Camp Gordon, is a little different proposition. I had an opportunity to go into that organization, but for personal reasons did not do so. I felt that I had private work enough resulting from the big fire. Tufts organization was composed of five firms who threw all of their organizations together, each of the five putting in from $10,000 to $50,000 apiece into the company. They dissolved as soon as Camp Gordon was completed (p. 2887).

I was somewhat deceived in my idea that I would have enough work by reason of what happened at Camp Gordon. It paralized labor conditions. On a little job my labor cost nearly double. And then Camp Gordon was paying 10 cents an hour more for bricklayers than I was. We lost both in efficiency and in wages. The Camp Gordon work came on suddenly. It not only demoralized the building business, but also farm labor and everything around there and bid up the wages naturally. Labor organizations saw what was going on and educated their men to put up their wages. Farmers lost their men and had a terrible time getting cotton picked and various things done. So, naturally, instead of the men coming across with efficiency they would come back the next morning and ask for more money. That is the way it affected us, gentlemen. And that thing is still in evidence. We are getting certainly not more than 40 per cent efficiency, with a hundred per cent increase in wages (p. 2888–2889).

Under conditions existing to-day I think cost-plus is the proper form for the contractor, because all contracts are made to him subject to change without notice practically, and we never know what labor is going to be (p. 2889).

Oh, no; I am not speaking about any particular form of cost-plus contract that has existed in the past, with the possible exception of the United States housing-contract form, which is the best I have seen up to this time, because that gave you a bonus and penalty for completion and noncompletion within a certain cost. I believe the

cost-plus system is a proper system if it is protected by a bonus for savings and completion and a penalty for noncompletion; that applies particularly as to time.

Mr. McKenzie. Mr. Bernhardt, while you subscribe in a way to the cost-plus contract being a practical thing, you do not, as I understand it, give your approval to that form of contract unless it contains these safeguards?

Mr. Bernhardt. That is right (p. 2890).

Under this form suggested, labor knows, or should know, that the man who is doing the work will be penalized if he does not do it within a certain time or within a certain cost.

Mr. McKenzie. With the provision in a cost-plus form of contract which you have suggested as to time and savings, that transfers the responsibility to the contractor to be diligent?

Mr. Bernhardt. Absolutely so.

Mr. McKenzie. And under the particular form used in the construction of the original cantonments and camps, that element was absent, and, in your judgment, was not that a mistake?

Mr. Bernhardt. In my judgment, where you turn over a large amount of money to be expended, without safeguards—I would rather put it that way, if you don't mind—it is not only inadvisable, but, in my opinion, encourages dishonesty (p. 2891).

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Mr. Bernhardt. Had labor been as patriotic as the other citizens of this country, and been content with a reasonable wage, and been willing to yield a reasonable amount of efficiency for that wage, I believe you would have gotten equally as good results at a less cost. I do not believe that anyone who has studied those conditions can say honestly that labor showed by their actions that same degree of patriotism and self-sacrifice that the citizens of this country, outside of the ranks of the people mentioned, did show during the war, and that is exemplified by the further fact that they were not only content to lay down on the job and do nothing, making a job last as long as possible in order that they might get the greatest amount of money, but they went further.

They placed one of their members on the emergency contract committee, so that after the first contracts were let it was almost a physical impossibility for a contractor to secure a job unless he had signed an agreement with the labor union first. Do not misunderstand me—I do not want to attack labor organizations, because there are a great many good people in labor organizations—but I believe they should broaden their vision and eliminate all class prejudice from their ranks and become 100 per cent Americans. That is what I believe; and this country is not at the point—and never will be—where the organized minority shall control and say to the unorganized majority how this Government shall be run. And the people are tired of it; and when I say "the people" I do not mean just the contractors of this country; I mean the great mass of people are tired of it (p. 2893).

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Mr. Bernhardt. When I first began meeting Mr. Foster he was very pleasant the first two or possibly three visits, going out of his way to tell me the details of how to get all of the inside stuff so as

to make the greatest possible appeal to the committee which was going to award this contract. When I came up the next time he was positively almost insulting. I do not like to say "insulting," because that would mean I did not have enough self-respect to take care of myself. But he was very abrupt and very discourteous, and, in fact, got so that I went over his head and went to Col. Starrett. and the colonel went through my information, discussed it with me for 30 minutes or such a matter. Then I came out and Foster met me in the hall and said, "What are you doing here this morning?" I said, "I did not come to see you; I came to see the colonel." "Yes, why should you come in here and butt in on the colonel this morning when he was busy making up a report for Congress?" I said, "The colonel is very capable of talking for himself, and if I encroached too much on his time, I imagine he would have intimated that he could not give me any more time, and I would have left. However, I will say this to you, that the colonel has requested me to say to you that you are to move my file up so that I receive consideration. I receive consideration at an earlier time." What he meant by that I have not any idea. I simply transmitted the statement of the colonel. I said "Good day," and walked out. I never went back there any more. I went over to the Housing Corporation and was received with the greatest consideration.

Another man I met here that I think I would like to mention on account of the splendid way he received me—a very busy man—now Gen. Marshall, then colonel. I received a copy of a letter that he wrote, I think, to the emergency construction committee, which was a splendid letter, showing that in spite of the fact that he was extremely busy he was in every sense a gentleman.

Mr. DOREMUS. Will you now go back and answer my former question?

(The stenographer thereupon read as follows:)

Mr. Bernhardt, without any definite plans and without knowing the size of the job, would it be possible to arrive at this mutually agreed price, of which you have spoken, either with reference to cost or time?

Mr. BERNHARDT. That can be arrived at, in my opinion, within a reasonable amount, pretty much on the same basis that owners frequently ask us for an approximate estimate. * * * Had the emergency construction committee or that division that was handling that work surrounded itself with men who were familiar with that type of work—I do not mean to say they did not, because I do not know—they could have made an estimate that would have come within, say, 10 per cent of the total cost. We do that all the time in our private work (pp. 2895–2896).

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Mr. MCKENZIE. Of course, you have seen the construction at these camps?

Mr. BERNHARDT. Yes.

Mr. MCKENZIE. I want to ask you whether or not there would be any difference in the cost of placing of lumber in a two-story barracks over that of a one-story barracks, and if so what would be the relative difference?

Mr. BERNHARDT. There would be very little difference.

Mr. McKenzie. If you had had laid before you plans for a one-story barracks, and the other shelter buildings that were put up at these various camps, and you had been asked to make a unit bid of so much per building or so much per cubic foot, would that have been possible?

Mr. Bernhardt. Yes. In estimating that I will say this, that I would have estimated my labor on that portion at so much per thousand; in other words, I would not have shown any differential between a one and a two-story building.

Mr. McKenzie. You figure per thousand feet of lumber?

Mr. Bernhardt. Yes.

Mr. McKenzie. And would that have been possible; would you have been willing to take a contract to put up just as many biuldings as they wanted at so much per thousand feet for placing the lumber, and especially if you had had an exception put in to take care of advances in labor?

Mr. Bernhardt. Yes; provided, of course, that I had the financial ability to handle the proposition of the size indicated.

Mr. McKenzie. Yes.

Mr. Bernhardt. Yes; I would under those conditions (p. 2896).

Lieut. Col. William Couper (pp. 2896–2934).

Has been in the military service since June, 1917, when he entered the Construction Division. Stated his education. Came to Washington, May 20, three days after the Cantonment Division had been set up (pp. 2896–97).

The total cost of the original project at Camp Sherman was $9,622,-353.13, of which $343,368.08, or 3.57 per cent, represents the total fee payments to all contractors and subcontractors (p. 2898).

It is proper to have a full understanding of the facts when we place the cost of Camp Sherman at between $13,000,000 and $14,000,-000, and to know that after the original project was completed buildings were added and a large extension to provide for an enlarged program of training started in 1918, which was stopped by the armistice.

The record clearly shows that there were some contractors who were willing to do this work for nothing (p. 2898).

Mr. McKenzie. I want to ask you whether, in arriving at your conclusions in this, you include the money paid by the Government to the contractor for rental of equipment, loss on commissary, and other overhead charges, that the ordinary contractor, having a contract on the lump-sum basis, would be required to bear himself, have been taken into consideration?

Col. Couper. This takes into consideration rental of equipment, because the contract so provides. It also takes in such overhead as is provided by the contract, and no more. It does not take into consideration a fee on loss in commissary, because we do not pay a fee on that.

Mr. McKenzie. The point I am making is this, Colonel: In making that estimate, for example, you put down $250,000, we will say, as a fee paid to the contractor. Out here, opposite that, you put down the total amount of the construction cost of the project.

Col. Couper. Yes, sir.

Mr. McKenzie. Then you divide the total fee by the total cost to get your percentage. What I want to know and have the record show is whether or not you added to the $250,000 before you made the division the amount paid by the Government to the contractor as rental for his equipment or the equipment that he might furnish, whether you added to the $250,000 overhead expense paid by the Government, which would have ordinarily had to be paid to the contractor who had a lump-sum contract. What I want to get at is this a fair statement to say that the percentage cost for the construction of these projects paid to the contractor is 2½ or 2.8 per cent, and at the same time make the Government carry the very heavy expense accounts on rental of equipment, etc., that a contractor under a lump-sum contract would be furnished, and if that were done, whether it would not change those figures there as to percentages.

Col. Couper. It would change it to this extent only, sir: The rental of equipment has nothing to do with it; in either case you were paid for it. In one case you pay on a per diem basis; in the other you pay on a lump-sum figure, and it is hidden (pp. 2898–2899).

I personally superintended the construction of Camp Jackson, S. C., and a second one at North Camp Jackson. The lumber was ordered by sizes and lengths. Lumber does not come in the way that you put it up. First thing we got was hundreds of cars of siding. Before getting frame timber we had to purchase it locally and cut it right on the ground—cut a tree one day and put in a building the next. Later it was reversed, due to the run of the mills. This applied all over. Local purchases had to be made at local rates, higher than those established by the authorities at Washington. Being in a lumber territory, I was sometimes able to purchase it at a considerably lower rate than was established by the Washington office (pp. 2899–2900).

The following are the tables prepared by Gen. Littell in February, 1918, as to material shipped to the different camps up to November 7, 1917.

National Army Camps.

Statement showing number of cars of materials received as of Nov. 7, 1917.

Camp.	Cars of lumber shipped by emergency bureaus.	Cars of lumber received at camps.	Cars of other material received at camps.	Total cars of all material received at camps.	Cars of lumber on hand for unloading.	Cars of all material on hand for unloading.
Ayer, Mass	384	2,275	1,420	3,695	1	6
Yaphank, Long Island	2,035	2,760	3,492	6,252	2	43
Wrightstown, N. J	2,390	2,454	3,266	5,720	8	104
Admiral, Md	2,226	2,652	2,843	5,495	20	100
Petersburg	1,243	2,781	3,031	5,812	3	38
Columbia	2,034	2,781	3,031	5,812	19	44
Atlanta, Ga	2,203	2,938	1,975	4,913	6	16
Chillicothe, Ohio	1,193	2,194	1,198	3,392	5	5
Louisville	1,739	2,094	2,208	4,302	3	11
Battle Creek	1,526	1,856	2,137	3,993	5	24
Rockford	1,788	2,090	2,245	4,335	5	18
Little Rock	972	2,107	3,127	5,234	7	53
Des Moines	1,331	1,968	4,096	6,064	17	81
Fort Riley	2,037	2,206	2,276	4,482	10	20
Fort Sam Houston, Tex	2,176	1,854	1,963	3,817	.....	3
American Lake, Wash	1,374	1,804	2,587	4,391	2	46
Total	26,651	36,779	40,538	77,317	123	612

(P. 2901.)

EXTRACT FROM TESTIMONY OF GEN. I. W. LITTELL, JANUARY 17, 1918, FROM HEARINGS BEFORE COMMITTEE ON MILITARY AFFAIRS, HOUSE OF REPRESENTATIVES, DECEMBER 7, 1917, TO FEBRUARY 8, 1919, PAGE 928.

Number of troops for which facilities had been provided on September 4, 1917:

NATIONAL ARMY CAMPS.

American Lake, Wash., Camp Lewis	46,000
Annapolis Junction, Md., Camp Meade	15,000
Atlanta, Ga., Camp Gordon	14,000
Ayer, Mass, Camp Devens	16,458
Battle Creek, Mich., Camp Custer	10,000
Chillicothe, Ohio, Camp Sherman	13,800
Columbia, S. C., Camp Jackson	12,500
Des Moines, Iowa, Camp Dodge	15,000
Fort Riley, Kans., Camp Funston	22,800
Fort Sam Houston, Tex., Camp Travis	28,000
Little Rock, Ark., Camp Pike	20,000
Louisville, Ky., Camp Taylor	24,000
Petersburg, Va., Camp Lee	18,750
Rockford, Ill., Camp Grant	14,000
Wrightstown, N. J., Camp Dix	10,000
Yaphank, Long Island, Camp Upton	7,000
Total	287,308

(P. 2901.)

It took 100 days to get the first lumber from the acific coast; beautiful lumber. Delay due to transportation (p. 2902).

Col. COUPER. The work at Camp Sherman, your record shows, started on July 4, and the troops got there on September 5. That is 63 days. It took 148 days to wind up everything and get the contractor off the job. On October 6 practically all the men were gone. That was only 94 days after the work had started, and the number of buildings which had been constructed up to that time were about 1,300, which will give a run of one building every 43 to 52¼ minutes, depending on whether you allow for the total time or for Sundays counted out (p. 2902).

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Mr. MCKENZIE. That answer standing alone, "The men were practically all gone," would cause one to assume that the job was practically completed.

Col. COUPER. That is a fact.

Mr. MCKENZIE. And you remember the testimony that in November and December it was 20 below zero and that the boys were suffering from cold in the hospital?

Col. COUPER. I remember that testimony. It was to this effect, that this man stated that he personally saw men shivering, and Mr. McCulloch suggested "probably dying" while he personally was hiding in the bushes, and he was the foreman of these men. That has regard to steam heating only, nothing else. That comes last, for necessity, on any construction job.

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Col. COUPER. I do not believe your record shows the method of handling material at all, and we had better take it from the begin-

ning. We notified the contractor what to buy, usually where to buy it, and what to pay. He placed his order. A numbered copy of his order comes to the Government. The material is inspected by Government men prior to the time it leaves the vender. The invoices arrive in due time, with bills of lading, which are run through the books. A copy of this goes to a material inspector.

In the course of time the material arrives on the ground and the material inspector checks it, with knowledge of what is supposed to be in that car. If it is as billed, he so checks it. It passes back to the Government forces, who verify the inspections, prices, etc., against the original order, and then tells the contractor it is proper to pay that bill. He pays it, and when he returns the Government signed receipts showing that the vender has received his money and we then take the retained copy from the files, match them up, and reimburse the contractor promptly. Should it happen, on inspection, that the material is not up to either grade or quantity, the inspector knows it, and the tally man knows it; and we then pay for exactly what we get, both as respects amount and grade.

* * * * * * *

Mr. DOREMUS. In the camps generally, Colonel, was there an excess of labor?

Col. COUPER. I can not answer for the camps generally, but I can answer specifically for those where I was located. We were continually confronted with this: Orders would come from Washington to rush this unit or that unit, or to build another unit of some kind. We were ordered to rush it. The contractor, almost invariably would say, "What, do you want us to slow down? I have got just so many men; I can not get any more." And we would have to decide daily which were the most important to rush and, so far as I know, we guessed it about right, at least we took care of the men that did come. At no time do I recall that we had stopped recruiting labor. We always had recruiters up to the backbone of the job, which I would say was about October 1, and we stopped and cut off the forces.

Mr. DOREMUS. What can you tell us about the quality of the labor on these jobs that you personally superintended?

Col. COUPER. I would describe it as very poor. There are not in all South Carolina as many carpenters as we had on our job, and yet there were being built in that very State at that time camps, in addition to the one in Columbia, at Greenville, Spartanburg, and some of the coast towns, small operations. We went out to the country and enlisted the farmers. We found that farmers are very good hammer and saw men. A farmer when there is something wrong on the farm can not send for a plumber. He fixes it himself, and he is usually a very good mechanic. We found we could train one of these men in about six days—that was our estimate made at the time—to be a first-class man for the work we had to do. Take flooring. A man who had never laid flooring can, if kept on that job and that alone, do just as good floor-laying as any man in the United States. That cost the Government exactly six days' wages, and we got nothing back during those six days, to make him an expert floorer.

Mr. DOREMUS. Did you know of any good men who were out of a job?

Col. COUPER. Occasionally I would hear of one, and we would get him.

Mr. DOREMUS. Did you ever have to let work stop in one place in order to finish it in another on account of lack of labor?

Col. COUPER. Yes, sir; I covered that a few minutes ago.

Mr. DOREMUS. How many less laborers did you have on your two jobs than at Camp Sherman?

Col. COUPER. At our peak we had about 600 men less than were at Camp Sherman. Generally speaking, throughout the construction, the number of men on the job ran about the same.

I think it is proper here to state that we had meetings here in Washington prior to the time we went out into the field, at which all the officers of the Construction Corps were present, and I distinctly recall one night an estimate of how many men you could work on the job. Two estimates were volunteered. One by Capt. Oury; who thought you could probably work 1,200 men on one of these jobs, and Col. Whitson thought it would run nearer 4,000. I cite those two estimates as being practical before we started on the work, to show the utter impossibility of anybody, even experienced men, guessing how many men should actually be taken, for experience showed when we got to work that it took over 10,000 per job.

In that connection I have the table requested by Col. Chantland, which shows the number of men each day on one of the jobs in diagramatic form, and it also shows the make-up of carpenters and laborers. It shows the carpenters and laborers and the total, indicated by the dotted and full lines. The full line is carpenters, and the dotted line is laborers, and the dot-dash line is the total (introduced but not reproduced), (p. 2903–2904).

Yes, we had trouble with the plumbers; that was the first we had. Discovered that telegrams had been sent all over the country telling them not to come to Columbia, because it was an open job (p. 2904).

I think a timekeeper can check up 200 or 250 men in the field; he does not keep the time, but just checks the men and turns the results over to the timekeepers, who record the time and put it on the payroll—they are known as inside timekeepers (p. 2905).

It would not be fair to say that the whole job was loafing because some man in some building was loafing. We had men working on more than one check and caught some. It is quite likely they got away with some money before we caught the duplicates. Our only defense on any kind of work is to be vigilant (p. 2906).

Yes, sir; I have seen some waste. We used to get letters along the line of some of the testimony and answered them; that we were there and we could usually see it, and when we saw it we corrected it (p. 2906).

Last July Col. Wright asked me to give him a memorandum on waste, and I prepared one. Not being satisfied with my estimate apparently he asked Col. Sawyer at Camp Sherman and Col. Proctor at Camp Meade to get up a similar statement. They are as follows:

USE OF LUMBER IN CANTONMENTS.

The use to which purchased lumber was put in building cantonments is estimated as follows:

	Per cent.
1. Lumber nailed in place in permanent structures	75
2. Lumber used in auxiliary work during and subsequent to construction of the camp, as follows: Shoring in trenches, corduroy roads, bridges, warehouses, offices, forms, latrines for workmen, bunk houses for workmen, mess halls for workmen, checking booths, scaffolding, stables and fencing, hose-reel houses, signs, coal boxes, sidewalks, tables, timbering in military trenches and dugouts, platforms for garbage cans, lockers, shelving, various other uses that 40,000 officers and men can devise	15
3. Waste lumber: Unloading from cars, hauling, inferior lumber, inefficiency of carpenters, normal loss in cutting lumber to length, lumber of improper dimensions necessarily used before specified material arrived	10
4. Total	100

D. H. SAWYER,
Lieutenant Colonel, Quartermaster Corps.
R. F. PROCTOR,
Lieutenant Colonel, Quartermaster Corps.

JULY 17, 1919.

LUMBER WASTAGE.

In camp construction of cantonment nature lumber was used as follows. This is not a matter of record, but is based on personal observation and on numerous discussions with Government and contractor's forces during construction at two camps:

		Per cent.
1. Actually in place in permanent structures—new material		70
2. Actually in place in permanent structures—used materal		5
3. Auxlary uses, arranged in order of geatest consumption: (a) Forms, (b) temporary bridges over trenches (all water and sewer trenches being open at same time, as buildings are being built require an enormous number of such bridges, and they must be constantly renewed), (c) scaffolding, (d) shoring, (e) temporary structures (such as sheds, corrals, etc.), and miscellaneous uses	20	
About one-fourth or 5 per cent of this lumber is usable and goes back into the work (see item 2)	5	
		15
4. Wastage caused by (a) cutting lumber to fit (a 16-foot board cut off to 14 feet gives a wastage of 12 per cent), (b) erratic deliveries, making it necessary to do excessive cutting where times does not admit of waiting for proper sizes and lengths, (c) excessive distances on camps increase necessity for cutting rather than hold up work to secure ideal lengths and sizes from another part of job, (d) inferior lumber which requires excessive cutting to secure parts of same; this does not indicate that inferior lumber was accepted at high prices; we ordered low-grade lumber and paid for the grade we received, (e) rush jobs with labor scarcity entails more or less rough and inexperienced handling of lumber and a certain loss, (f) hauling lumber over virgin country without roads causes an appreciable loss due to load shifting or falling off wagons, upsetting, etc		10
		100

The lumber mentioned under paragraph 4 was collected and placed on scrap piles (there were four small and six large piles). All lumber from these piles has since been used as fuel or for other purposes.

WM. COUPER,
Lieutenant Colonel, Quartermaster Corps.

JULY 15, 1919.
(Pp. 2906–2907.)

I have submitted these, which is my idea of what the wastage was at Camp Sherman or any other camp, and I believe that Camp Sherman is an average camp (p. 2907).

Five camps are heated throughout by steam; Camp Grant is one. In the others the barracks buildings were heated by stoves of various sizes. The hospitals had a central heating plant (p. 2908).

Col. COUPER. I do not believe your record shows anywhere the amount of underground work. At Camp Sherman it involved, in the completion of the work, on the original contract—there were 14.87 miles of water line, that is, in the mains, 19.825 miles of sewer line, and about 45 miles of surface line. I think those figures should be in the record to show the extent of the underground work. People rarely criticize underground work. Nearly all of the criticism has been overground, because they do not see underground, and it apparently has been out of mind (p. 2908).

No fee is based on the cost of cots, refrigerators, and equipment for handling and taking care of the construction men, except the expense in unloading and distributing and setting up (p. 2908).

Fire stations were not located for quite some time, because we did not have any plans and they must be located where they will protect the entire camp. There were two originally and a third was shown in the typical plan of the hospital. They should be located so that the engine leaving the house would always go down hill. This involves the topographical map (pp. 2908–2909).

There were 182 projects on which the work was abandoned at the time of the signing of the armistice. How many contracts were abandoned, I do not know (p. 2909).

The contractor has to operate the commissary throughout the job. At the end, if he is ahead it reverts to the Government; if he is behind it is a loss, no fee is paid on that operation regardless of whether he is ahead or behind (p. 2909).

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER GENERAL OF THE ARMY,
Washington, June 28, 1917.

No. 652 (commissaries).
From: Officer in charge of cantonment construction.
To: Constructing quartermasters and divisional auditors.
Subject: Commissaries.

The following instructions will govern you in the handling of the contractor's commissary:

Commissary privilege will not be sublet.

The settlement to the contractor for his investment in commissary supplies will be made at the completion of the work.

The Government will not finance the contractor's commissary.

The contractor is reimbursed for the purchases made by employees through the commissary weekly by repayment to him of the gross pay roll.

Government regulations prohibit the contractor from making a profit on his commissary sales, and, therefore, the amount to be added to the cost of the supplies delivered at the cantonment must be the percentage that will meet only the overhead charges, such as clerk hire, wastage, wrapping paper, and other elements of an overhead nature.

It is estimated that 10 per cent added to the cost of merchandise purchased by the contractor will cover this expense.

To prove this correct, the contractor will take a monthly inventory under the supervision of the field auditor, and if this 10 per cent is not the correct percentage adjustment must be made in the following month. * * *

The timekeepers will furnish the contractor's employees with orders on the commissary for food and other supplies, taking care that such orders are not for a greater amount than the employees have earned. These orders are for a

fixed amount, with marginal figures that can be punched out for the amount of each purchase. These orders on the commissary will be in duplicate, the receipt for each to be taken on the original order, which is to be retained by the timekeeper as a receipt against the pay roll.

The duplicate order, which is given to the employee, will be punched at the commissary for food or other supplies and will be used to ascertain the amount of the commissary sales.

When the ticket is completly punched it will be retained in the commissary for the auditor.

The Government regulations do not permit a profit on the mess, consequently the accounting department must see that the contractor's laborers are only charged such an amount for mess as would cover actual cost, so that if it is demonstrated that the charge is greater than the cost a refund must be made. It should be understood that where cost is mentioned in the handling of commissary it includes the waiters, cooks, fuel, dishes, ranges, etc. Consequently it will be necessary for you to provide a form showing the cost of supplies issued out of the commissary to the kitchen.

From the above you will see that it is necessary to keep an accurate account of cost of commissary and the result of commissary operations.

Very truly, yours,

I. W. LITTELL,
Colonel, Quartermaster Corps,
In Charge of Cantonment Construction.
By ——— ———,
Major, Quartermaster, U. S. R.

(Pp. 2909–2910.)

In the South the negroes buy their own supplies and cook themselves; so you must operate a store. We made money on the stores and lost on feeding. We hired the man on the job.

I think the greatest trouble we had in the second camp at the time of the armistice was too much help—would be treading on some one's toes. In building the cantonments, every man for himself, you were able to go out on your own resources and get something done. That is why I think the new organization had such an extreme advantage over one that was already organized. I did not say that the more experience we had the more it cost the Government (p. 2911).

Col. COUPER. Well, the contract primarily covers that; but the emergency method of handling that was always to put each one of the contractors and the subcontractors—require them to fill in a statement saying that no one was on the roll of their company who was reimbursed by the Government or who in anyway shared in the fee. That goes just a little further than the contract requirements; and I thought it was a good proposition, because a man might not be a member of a company and still share in the fee. For instance, a contractor might hire a superintendent and tell him, "Your job here is to be ——— dollars and 5 per cent of the fee," or something of that kind, and he would be interested in increasing that fee, and it was for that reason that we required that kind of a thing. I understand that some men gave certificates that they did not share in the fee and evidence has been shown otherwise, and your records show; and, of course, that immediately involved fraud with the Government agency to handle that (p. 2912).

I do not know about a financial benefit derived by contractors by being members of a hardware firm at Camp Lee (p. 2913).

Asked further about his experience as an engineer, he stated that his duties had been secretarial and assistant to the chairman of a board of engineers; was not in the field handling men; in the tun-

nel work did not direct men in carrying out engineering plans, it was testing work; had two men under him. Have had as foreman as many as 650 men in New York along the water front; handling material in construction work, moving things, lighterage work.

Mr. McCULLOCH. What instructions did you receive as to how you were to proceed in your work down there?

Col. COUPER. I had some layout maps showing units and had a few plans showing typical buildings. I knew in a general way how those layout maps were to be applied to the grounds, having seen them here in Washington. I knew in a general way what facilities or utilities they were going to put in, such as the main sewers and so on. I had in mind an organization which would originally handle a large number of men and keep them ordinarily proceeding from one job to another to get the plans which I had carried out; further than that, I had nothing other than the contract; no force, nothing. My instructions were to build my own force.

Mr. McCULLOCH. Was there a contractor down there?

Col. COUPER. There was not when I went there.

Mr. McCULLOCH. You proceeded for how long before the contractors got on the job?

Col. COUPER. I think two days.

Mr. McCULLOCH. What did you do during those two days?

Col. COUPER. I sent a lot of telegrams. I knew through having been at school and my association the kind of construction men I would need for the job, and so I started at the top and I assembled men who were experts in practically every field of construction work.

Mr. McCULLOCH. To do what?

Col. COUPER. To take charge of training these gangs who were to come in along the line in which we wanted them to proceed.

Mr. McCULLOCH. What did you accomplish along that line?

Col. COUPER. We formed an organization in a very few days which carried out the work successfully.

Mr. McCULLOCH. In carrying out the work successfully, what were the duties of your organization which you had formed?

Col. COUPER. We would take the plans and issue them through what we called the field engineer, and he would pass them on to his organization, who in turn would instruct the contractor's men just where to start the work and how we wished to proceed, and every day they would keep track of how they were proceeding so that we would know at any time, if necessary, whether to shift the force or not.

Mr. McCULLOCH. I understand you were down there and started in to get the organization together (pp. 2916–2917).

* * * * * * *

Col. COUPER. I got men who had worked in construction work all their lives. Practical men who knew how to lay water pipe, lay sewers, and how to do all of these necessary things.

Mr. McCULLOCH. How many men did you take on that job?

Col. COUPER. I got about 20. I may be wrong on that; there may have been a few less.

Mr. McCULLOCH. Did you then hire those men as civilians, or were they commissioned in the Army?

Col. COUPER. They were hired as civilians.

Mr. McCulloch. And they were hired by you as the constructing quartermaster?

Col. Couper. Yes, sir.

Mr. McCulloch. And how were they paid?

Col. Couper. They were paid by me as constructing quartermaster.

Mr. McCulloch. They were an organization separate and apart from the contractors' organization?

Col. Couper. There were two ways of doing it. I elected that way of doing it rather than going out and hiring an engineering firm and having them to do the engineering work.

Mr. McCulloch. What did these 20 men that you selected do?

Col. Couper. There was the field engineer, who was in charge; under him there was a chief water inspector; there was a chief sewer inspector; there was an electrical man and there was a chief concrete man and there was a road man; there was a chief railroad man; there was a chief plumbing man; and there was a chief heating man. I think that is all.

Mr. McCulloch. You say there was a maximum of 20 men in your force?

Col. Couper. No; I said they were the chief men. All told, in the engineer force, there was at the peak—this is from recollection only—I think about 125 men. The bulk of the workmen were surveyors and inspectors.

Mr. McCulloch. That is, the engineering corps. What other men did you have down there?

Col. Couper. An auditing division employed in almost the same way. They were Government men, but they were hired through a division auditor. We paid him, and he paid his men. In that corps there was, from recollection, I think 150 men at the peak. They were made up of timekeepers, time checkers, pay-roll men, commissary men, auditing forces of all kinds, material inspectors, and checkers (pp. 2917–2918).

I did not wish to call on the engineers. It was a well-known fact in Washington that they could not furnish the men, having been asked to furnish them (p. 2918).

We were furnished what is known as the manual for constructing quartermasters, which you have. I recall no instructions; I was told to go down and build the camp along the lines I had seen it developed in the drafting room of the War Department. I had no positive instructions about anything. I was given absolute authority to proceed as I thought best. Nothing was said to me about utilizing the forces that were available in engineering, the Engineers. I do not know that I gave it a thought—about asking the engineers. I had been in the Army 11 days when I was sent down to build Camp Jackson. The first man I saw when I came here was Mr. Wheaton, now Col. Wheaton, the architect. He told me I had better go into the drafting room, where all the new ideas came in. I met there the men who were to be sent to the other camps—Mr. Butler, then a civilian; Mr. Lamphere, Mr. Pease, Mr. Proctor, and a large number of others. Many of them were later constructing quartermasters. All had been called with the possibility of being commissioned. Gen. Littell called me. My application was for the Infantry. Graduated from the Virginia Military School. I was commissioned as major.

Only one of those there had been commissioned prior to that time; that was Maj. Fordyce. I think we all got the same instructions. I remained there from May 26 to June 17. I remember questioning Maj. Dempsey about procedure and accounting. I knew it would be necessary to develop my engineering corps; nothing was said about the facilities of the Government for furnishing engineers. They had a corps of engineers with duties of their own. Gen. Black's testimony has been rather clarified by people who had interviews with him—Mr. Fuller and Mr. Metcalf. The auditor's force was there—was developed by Mr. Charles Neville, then division auditor. He was under my direction. Regarded the force as very competent (pp. 2919–2924).

Col. COUPER. The first thing the engineering force did was to make a map of the camp, but all of the engineers did not work on that at one time. At soon as we got far enough along we started a force going around to stake off. Then there was another force a few days afterwards that staked out the buildings and set the lines and levels; and then there is another force on water; there is another force on sewers; there is another force on railways, and likewise in regard to the roads themselves. In other words, you had to lay out your complete camp.

Mr. MCCULLOCH. You did that all with how many men?

Col. COUPER. I should judge in a surveying party there were 50 to 75 men at the peak. The balance of 125 men were being utilized principally as inspectors, pushing the work, seeing that it was properly done, and in the correct order. They also made progress reports.

Mr. MCCULLOCH. By pushing the work, what do you mean?

Col. COUPER. They had no authority to discharge anybody, but they had full instructions to report any laxity, and then I would have the men discharged through the contractor (p. 2924).

We have discharged as high as 800 men in a week, reporting it to the contractor who would discharge.

Mr. MCCULLOCH. In addition to what you said this force did, is there anything else you did to check it up?

Col. COUPER. They prepared plans on the ground. They had to make their own maps, the drawings, the record drawings, the progress drawings, and everything.

Mr. MCCULLOCH. What plans of the buildings did you make on the ground?

Col. COUPER. No plans were made at Washington. The plans of the layout of the job, and afterwards the drawings, were used to adapt that to the ground, and this took a good deal of planning.

Mr. MCCULLOCH. But units were all determined here, were they not; that is, the character of the buildings?

Col. COUPER. We had a typical unit in each case, so that it merely meant applying the plans that were already prepared to the particular site (p. 2926).

I was assigned to furnish your committee whatever you desire that you could not find; in that way help you, and assigned to accompany the committee during the hearings (pp. 2926–2927).

At the peak the Government's auditors force had about 150 men. It is my belief that it was approximately the same in other camps from conversation with other men. It was a civilian force.

The pay roll of the Field Engineer's force at Camp Jackson was $64,419.30; the Field Auditor's force, $87,840.90. I do not know how indicative that is of all camps. I will furnish a pay roll showing the salaries. The figures I gave this morning, I think, are the figures that were furnished Capt. Wassen and are now in your record. Those figures do not include the overhead of the emergency construction committee and these other adjuncts of the Government, or other departments; nor the majority of the freight, except a little that was paid at camp. In two camps this amounted to $26,000. The figures do not include anything except the cost right on the job.

Mr. McCulloch. Colonel, can you give the committee, using the figures that you put into the record as a basis, any idea of the actual cost of Camp Sherman to the taxpayers?

Col. Couper. No.

Mr. McCulloch. Does the same apply to other camps?

Col. Couper. The same would apply to the other agencies, if you wish to include your overhead.

Mr. McCulloch. It is absolutly impossible to ascertain the cost of the camp?

Col. Couper. It is in any department of the Government.

Mr. McCulloch. Any department might have to deal with the construction?

Col. Couper. It is a fact. You could not include the Washington overhead, because all of them help to some extent.

Mr. McCulloch. Which would make it impossible to determine the cost to the taxpayers and the people of the construction of any camp?

Col. Couper. That is correct, because there are so many departments which help you, and all of these costs we would have no knowledge of, and they all would enter into the proposition. I can not tell you to just what particular department of the War Department I belong to. I do not know the expense which comes from other bureaus which should be charged to these other camps.

Mr. McCulloch. So that there are many elements assisting directly and indirectly in the construction of these camps and in the carrying out of your checking systems, etc., the source of which is not determined?

Col. Couper. That is correct (p. 2928).

The list of salaries is typical, because the rates were laid down in Washington prior to the formation of the forces, and the forces at most camps were more or less the same (p. 2928).

Employees of division auditor's forces at Camp Jackson, S. C., 1917.

[Rates effective throughout original camp construction.]

	Per month.
Field auditor	$350
Chief clerk	250
Chief voucher clerk	175
Assistant voucher clerk	150
Chief inspector	200
General inspector	175
Lumber inspectors	150–175
Chief recording clerk	175
Price clerks	125

	Per month.
Extension clerks	$125
Tool clerk	150
Store clerk	150
Traffic clerk	150
Assistant traffic clerks	100
Claim clerks	100
File clerks	100–125
Messengers	50
Receiving clerks	100–125
Chief timekeeper	175
Timekeepers	100–125
Chief timechecker	175
Timecheckers	100–125
Stenographers	100–125

Maximum force in August, 1917, 243 men; pay roll, $19,567.31.
Average force, 170 men.
Average pay roll, $15,124.

(P. 2929.)

As to engineers, our salaries were limited but our numbers were not. We paid $350 per month for our top man, the next man $250, and it ranged down from that. There was no limitation on the total amount, that was left entirely to the constructing quartermasters, who developed their own forces (p. 2929).

The average number of carpenters on one of these camps, from July 1 to the time of the first draft, about September 6, was about 2,400 carpenters a day. This is for Camp Taylor, which showed a peak of 4,300 carpenters and a peak of all classes of 10,000. At Camp Sherman, the peak was 11,083 and the force of carpenters would probably be increased proportionately.

Only one man in Washington has charge of lumber. We sell no lumber (p. 2930).

Col. COUPER. It was generally felt in the country that the War Department was in possession of several billion feet of lumber and the lumber industry was very uneasy that this stuff might be put on the market at a low price and knock them out. The lumber industry felt that they were interested and that if this lumber did not get back to the sources from which it had been obtained that it would cause a demoralization and the shutting down of lumber mills and probably bolshevism (pp. 2930–2931).

Their argument was, to prevent bolshevism, prices would have to be maintained. The lumber industry could not function as a whole and they appointed Messrs. Phillips & Stevens, who were lumber handlers, to take over any surplus lumber that the Government would dispose of. I think they were both members of the lumber association (p. 2931).

Col. COUPER. I think they both are. They certainly operate on stationery which indicates that they represent four or five of the larger associations. It was stipulated in the agreement which was formally entered into that any lumber which was sold or was rejected, where it was more than 1,000,000 feet of lumber, should be sold through these gentlemen, under certain specified conditions laid out in this contract.

Mr. MCCULLOCH. What do you mean by contract?

Col. COUPER. There was an agreement of sale covering the points raised in these meetings for disposing of the lumber by which we

agreed that the director of sales, who was the maker of the contract for the War Department, was to deliver to Phillips & Stevens any lumber which was sold or a rejection where it was more than 1,000,000 feet of lumber.

Mr. McCulloch. What consideration did the Government receive under that contract?

Col. Couper. The Government got the largest price under the arrangement. The lumber was sold along with milled lumber, the ultimate buyer not being supposed to know where it came from, and the purchaser got 12 per cent off that price, and they paid us 88 per cent of the sales value.

The idea at the time was that lumber was going to go down on account of the great store on hand That did not prove to be the case. We did not have a very large stock and lumber is going up. It goes up $3 next week. I got that from Col. Walbridge. We withdrew all of our lumber except five projects from that, and later we released 3,000,000 feet.

Mr. McCulloch. You say that after this agreement was not entered into that the price of lumber would go down, is that right?

Col. Couper. Yes, sir; because the trade felt that if there was any large supply sold that it ought not to be sold so that it would break the market price, on the theory that it might be sold at some time and therefore the mills would be compelled to shut down.

Mr. McCulloch. As a matter of fact, you say that lumber has gone up.

Col. Couper. Yes, sir.

Mr. McCulloch. And it has increased how much?

Col. Couper. I said next week. I was told by Col. Walbridge there would be a $3 advance next week.

Mr. McCulloch. Is it not your opinion that in entering into this agreement, that the Government became a party with the big lumber trusts.

Col. Couper. Before we had gotten very far into it, we withdrew from our contract, because we decided it was a better policy to hold our lumber.

Mr. McCulloch. But, you entered into the agreement?

Col. Couper. Yes, sir; the contract was made.

Mr. McCulloch. As I understand the testimony out there it was that the local people had endeavored to get this lumber?

Col. Couper. The people at Rockford; yes, sir.

Mr. McCulloch. And they could not buy the lumber?

Col. Couper. Yes, sir; that is correct.

Mr. McCulloch. They had come to Washington.

Col. Couper. They bought it from Phillips & Stevens here.

Mr. McCulloch. They could not get it from Phillips & Stevens here?

Col. Couper. That was between them.

Mr. McCulloch. A complaint was made that the people ought to have a chance to get that lumber, and that it could be used and worked up in that place.

Col. Couper. That is the complaint.

Mr. McCulloch. And that is the complaint that you are explaining, why they could not get that lumber?

Col. COUPER. I do not know whether I made that clear.

Mr. MCCULLOCH. The contract was entered into?

Col. COUPER. They could not get the lumber because there was more than 1,000,000 feet, and if it had been disposed of at all, it would have had to have been disposed of under contract.

Mr. MCCULLOCH. Which prevented them from purchasing the lumber from the Government?

Col. COUPER. Yes, sir; that is correct.

Mr. MCCULLOCH. Although they were ready and wanted to buy it there?

Col. COUPER. Yes, sir; they made every effort and failed to buy it. I have on my desk at this moment a large file of papers from Phillips and Stevens kicking like a steer because we have not delivered all that lumber to them, and in fact I do not think that we should, because we take the position that it is impossible to sell any Government material except at a low price, and the Government necessarily gets a low price for anything it sells. It means also that if we sell it now, we will likely go out in six months from now and buy it back at a higher price. We think that is unfair.

Mr. MCCULLOCH. What do you say about the competitive feature? Take the Rockford situation. There was not any danger of this lumber being dumped upon the market with the dangerous result, was there?

Col. COUPER. How do you mean?

Mr. MCCULLOCH. There was not any danger. We know there were a number of men there who wanted to buy this lumber?

Col. COUPER. Yes, sir.

Mr. MCCULLOCH. There would have been competition in this?

Col. COUPER. Yes, sir; they wanted to buy some of that lumber.

Mr. MCCULLOCH. So had this agreement not intervened, the price would have been fixed according to the demand?

Col. COUPER. Yes; the price would have been fixed according to the demand, but our price is fixed according to the demand. We sell at the market price.

Mr. MCCULLOCH. I am talking about the local demands on that lumber.

Col. COUPER. Yes; we would have probably gotten a local demand.

Mr. MCCULLOCH. There must have been local competition?

Col. COUPER. Probably.

Mr. MCCULLOCH. So that the argument taken, that it was going to destroy somebody because of the lack of competition was absolutely unsound, as I understand you to say?

Col. COUPER. As it worked out, we did not think it was good, so we withdrew.

Mr. MCCULLOCH. Colonel, I want to have you put into the record who were responsible for this agreement.

Col. COUPER. Mr. C. W. Hare, Director of Sales of the War Department, is the man who signed this agreement, and the agreement is signed with Mr. John Stevens and J. L. Phillips.

Mr. MCCULLOCH. Now, Mr. Hare represented the Government and acted on what authority?

Col. COUPER. Under the authority of the Secretary of War; I am quite sure of that.

Mr. McCulloch. The Secretary of War approved the contract?

Col. Couper. Yes, sir.

Mr. McCulloch. The other parties to the contract represented the lumber associations?

Col. Couper. Yes, sir.

Mr. McCulloch. Including an additional association, which is the Retail Lumbermen's Association?

Col. Couper. But the Government had not any business with the retail.

Mr. McCulloch. They were in on this contract.

Col. Couper. The exact words of Mr. Kerbaugh, the president of the other association, was that he would not only invite them to come in on the contract but take some responsibility.

Mr. McCulloch. So that the price was absolutely air tight, is that right? They had the retailer and they even had the Government mixed in it.

Col. Couper. I do not agree that it was a trust.

Mr. McCulloch. I can not see what else it was (pp. 2931-2933).

Mr. McKenzie. The testimony, or at least the interrogatories propounded by our good colleague, Mr. Doremus, have been that war was declared on the 6th of April, that the draft law was passed on the 16th day of May, and that the contracts were let in June, and by the 5th of September these great projects were completed in so far as the contracts were concerned. That was the original contention.

Mr. Doremus. I never put that in my question—that the jobs were ready for the receipt of the first troops in September (p. 2934).

Mr. McKenzie. It perhaps is not material.

Mr. Doremus. I think the colonel testified that it was some time in October before the last contracts were practically completed.

Statement by the Chairman:

Mr. McKenzie. As stated by the chairman of the committee on behalf of the whole committee, at Camp Sherman, and also at Camp Grant, that the various contractors who had contracts for those projects, the building contractors and the subcontractors had the privilege of appearing before the committee and testifying under oath or without being sworn, as he saw fit, or filing a statement to be printed in the record in behalf of such contractor; and furthermore that the time permitting them to do either of these things was extended, and they were given the liberty to appear in Washington after failing to testify when we were holding the investigations at these representative camps—that time was extended that they might appear when we took up the hearings in Washington, which we did about two weeks ago, and have testified or sent such statements that they desired.

I want to say that on behalf of Mr. A. Bentley & Sons, and on behalf of Mr. D. W. McGrath & Sons, that they have heretofore filed statements which have been printed in the record, and I now hold in my hand a letter from Col. Noble B. Judah, jr., counsel for the Bates & Rogers Construction Co., of Detroit, who had the contract for the construction of the main project at Camp Grant. The letter from Mr. Judah states that he incloses a statement which he has prepared on behalf of the contractors, and which he desires to have

printed as a part of the hearing; and in his letter he also answers an interrogatory which I had submitted to the Bates & Rogers Co. relative to the overhead which they had at Camp Grant, and by overhead I mean the office force that they carried at that point.

If there is no objection, I will have this letter and this statement printed in the record.

(There being no objection, the letter and statement above referred to are here printed in the record in full, as follows:)

CHICAGO, *January 14, 1920.*

Congressman JOHN C. MCKENZIE,
Chairman of Subcommittee No. 2 of the Select Committee on Expenditures in the War Department, House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN MCKENZIE: I send you inclosed herewith a statement made by me as counsel for Bates & Rogers Construction Co., which the company requests that your subcommittee make part of the record in the matter of its investigation of the construction of Camp Grant at Rockford, Ill. I am also sending a copy to Congressman McCulloch and Congressman Doremus.

In answer to your letter of December 30, asking for the names, salaries, and capacities in which serving, of all persons habitually engaged in supervising the construction work in the field under Bates & Rogers Construction Co.'s contract for construction work at Camp Grant whose salaries were not paid by the Government, but were paid out of the fee received by the contractor, I have to say that Edward P. Lenihan, vice president of the company, was the only officer of the company habitually directing the construction work in the field. The salary paid to Mr. Lenihan during the period of the construction of Camp Grant was $9,000 a year.

In addition to Mr. Lenihan in the field, Mr. E. Stanley Holland, also a vice president of the company, spent 50 per cent of his time in the field at Camp Grant, and Mr. Walter A. Rogers, the president of the company, spent 25 per cent of his time in the field at Camp Grant. Mr. Rogers devoted an additional 25 per cent of his time, Mr. Holland the balance of his time, and Mr. C. V. Burghart, the secretary of the company, devoted practically all of his time to the construction of Camp Grant from the company's office in Chicago. The salaries of these officers were not paid by the Government but were paid out of the contractors' fee, and during the period of construction of Camp Grant the salaries were as follows: Walter A. Rogers, $12,500; E. Stanley Holland, $9,000; C. V. Burghart, $6,000.

If there is any further information you want from the company, will you kindly let me know. The company is still engaged in getting up the data asked for by Mr. Chantland as to foremen, superintendents, etc., and sources from which they were hired.

Yours, very truly, NOBLE B. JUDAH, Jr.

(Pp. 2934–2935.)

At pages 2935–2949 is an argument by Noble B. Judah, jr., counsel for Bates & Rogers Construction Co.

Mr. CHANTLAND. I wish at this point to offer in evidence a letter sent out on December 30, 1919, to D. W. McGrath & Sons, Columbus, Ohio, which letter is identical to a number which were sent out to various firms. I now ask to have it printed in the record, together with answers from McGrath & Sons, general contractors, Columbus, Ohio, and answer from the Henry Ericsson Co., general contractors, Chicago, and a letter from the A. Bentley & Sons Co., building construction, Toledo, Ohio.

(The letters above referred to are here printed in full in the record, as follows:)

ROOM 178, HOUSE OFFICE BUILDING,
December 30, 1919.

D. W. MCGRATH & SONS,
New First National Bank Building, Columbus, Ohio.

GENTLEMEN: Will you kindly furnish for the use of subcommittee No. 2 of the Select Committee on Expenditures in the War Department the following information:

1. The names and capacities in which serving of all persons connected with your concern that were habitually engaged in directing or supervising the construction work in the field under your contract for construction work at Camp Sherman, whose salaries were not paid by the United States Government, but were paid out of the fee accruing to your concern by reason of such construction under the contract.

2. The salaries paid by your concern to each of such persons per month or per annum during the period covered by the construction.

Very respectfully,

JOHN C. MCKENZIE,
Chairman Subcommittee No. 2.

COLUMBUS, OHIO, *January 3, 1920.*

HON. JOHN C. MCKENZIE,
Chairman subcommittee No. 2, of the
Select Subcommittee on Expenditures in the War Department,
Room 178, House Office Building, Washington, D. C.

DEAR SIR: Replying to your letter of the 30th ultimo requesting certain information in regard to our work at Camp Sherman, would advise that if you will refer to our letter of December 5, addressed to Wm. T. Chantland, counsel, you will find the information you desire.

We had no superintendent in the field that was not paid by the United States Government until September 3, 1918, when Mr. Frank McGrath acted as representative of the firm in the field and received a salary of $500 a month, which was paid out of the fee accruing to our firm. We also paid out of our fee $250 per month of the salary paid to the general superintendent, Albert Carr.

As stated in the letter above referred to, Messrs. D. W. McGrath and E. H. McGrath and other members of the organization, spent considerable of their time in looking after Government work at Chillicothe, but were not field superintendents.

Yours, very truly,

D. W. MCGRATH & SONS.
By E. H. MCGRATH.

HENRY ERICKSSON CO.,
Chicago, January 7, 1920.

HON. JOHN C. MCKENZIE,
Chairman Subcommittee No. 2,
Select Committee on Expenditures in the War Department,
Room 178, House Office Building, Washington, D. C.

DEAR SIR: Replying to your inquiry of the 30th ultimo, we are pleased to give you the information requested, to wit:

Paragraph 1. Names and capacities of persons connected with our concern, etc.: Henry Ericsson, president; Walter H. Ericsson, treasurer and general manager of construction work at Camp Grant.

Paragraph 2. Salaries paid, etc.: Henry Ericsson, $1,000 per month; Walter H. Ericsson, $833 per month.

Trusting that this is the information desired, we remain,

Very respectfully, yours,

HENRY ERICSSON CO.,
By HENRY ERICSSON,
President.

THE A. BENTLEY & SONS CO.,
Toledo, Ohio, January 10, 1920.

Answering your letter of December 30, 1919.

Mr. WM. T. CHANTLAND,
Counsel for Subcommittee No. 2 of the
Select Committee on Expenditures in the War Department,
Room No. 178, House Office Building, Washington, D. C.

DEAR SIR: The following persons connected with this company were engaged at Camp Sherman, Chillicothe, Ohio, during the construction of the camp at that point, and their salaries were paid entirely by this company:

James Bentley, vice president and general manager, salary, $25,000 per year.

L. S. Hillebrand, secretary and treasurer, salary $10,000 per year.

In addition to the above we desire to mention Mr. C. H. Hollingsworth, who was general superintendent on this work. He was paid a salary of $50 per day by the Government, but in addition thereto he was paid by us as extra compensation an amount equal to $100 per day.

Yours, truly,

THE A. BENTLEY & SONS CO.,
JAS. BENTLEY,
Vice President.

Mr. CHANTLAND. I also desire to offer in evidence a letter received from George A. Trude, Chicago, counsel for the Henry Ericsson Co., contractors at Camp Grant, which is as follows:

(The letter above referred to is here printed in full in the record, as follows:)

CHICAGO, *January 2, 1920.*

Hon. JOHN C. MCKENZIE,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN: I do not find in the record anything which, in my judgment, reflects upon the operations of the Henry Ericsson Co. at Camp Grant.

There are many instances in which explanations can be made, and other instances where evidence can be contradicted. The nature of these, however, are not of sufficient importance with which to encumber the record.

Thanking the committee for the many courtesies extended, I remain.

Very truly, yours,

GEORGE A. TRUDE.

Mr. CHANTLAND. I also desire to offer in evidence an extract from table 6, actual prices of lumber, by months, quarters, and years, 1916–1918, from "Prices of lumber, by R. C. Bryant, Industrial Examiner, Forest Service, War Industries Board, Price Bulletin No. 43":

Douglas fir.

	No. 1 common, S-1-S, 1 by 8" and 10".	No. 2 and better, drop siding, 1/6.
Market	Washington, f. o. b., mills	Washington, f. o. b., mills.
Unit	M feet	M feet.
Base price	$7.9167	$15.1667.
Year 1917	$15.8750	$23.9167.
Quarter:		
First	$11.8333	$19.6667.
Second	$16.000	$23.6667.

Mr. CHANTLAND. I also desire to offer in evidence price bulletin No. 5 on fir, which is as follows:

Fir, common boards SIS or shiplap, f. o. b. mill prices in effect between December 1, 1917, and May 31, 1918.

1 by 2, 6/20′ mixed lengths SIS	$18.00
1 by 3, 6/20′ mixed lengths SIS	18.00
1 by 4, 6/20′ mixed lengths SIS	16.00
1 by 6, 6/20′ mixed lengths SIS or S. L	16.50
1 by 8, 6/20′ mixed lengths SIS or S. L	17.50
1 by 10, 6/20′ mixed lengths SIS or S. L	17.50
1 by 12, 6/20′ mixed lengths SIS or S. L	18.00

For selected common add $3. For D. & M. add $1.50. For grooved roofing add $3. Orders for 16, 18, and 20 foot only add $2. Other orders for specified lengths add $1 to above prices. No. 2 common boards and shiplap $3 less when in stock.

	Fir, common dimension—		SISIE 16 feet.	9 to 10, 18 to 20 feet.	22 and 24 feet.	26 to 32 feet.
	6 feet.	8 to 12 to 14 feet.				
2 by 3, 2 by 4	$15.50	$16.50	$17.50	$18.50	$19.50	$21.50
2 by 6, 2 by 8	15.50	16.00	17.00	17.50	18.50	20.00
2 by 10	16.00	17.00	17.50	18.00	19.00	21.00
2 by 12	16.50	17.50	18.00	18.50	19.50	21.50
2 by 14		19.00	19.00	20.00	21.00	23.00
2 by 16		20.00	20.00	21.00	22.00	24.00
2 by 18		22.00	22.00	23.00	24.00	26.00
2 by 20		24.00	24.00	25.00	26.00	28.00

Add 50 cents for every 2 feet over 32 feet long up to 40 feet.

For select common, add $3. SIE or rough same mill base as dressed. For 2 by 4, 2 by 6, or 2 by 8 D. & M. or shiplap, add SISE, $1.50. Hemlock permitted in 2 by 4 and 2 by 6 (pp. 2949–2951).

(Extract from final report of Col. W. A. Starrett, chairman Emergency Construction Committee, dated Dec. 31, 1918 (pp. 2952–2956):

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2. The committee was first called together on April 28, 1917, and consisted of:

C. W. Lundoff, of the firm of Crowell-Lundoff-Little, Cleveland;

M. C. Tuttle, general manager of the Aberthaw Construction Co., Boston; and

W. A. Starrett, then a member of the firm of Starrett & Van Vleck, architects, New York.

The idea of forming such a committee arose with Mr. Tuttle (p. 2952).

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3. It has always been one of the difficulties of the engineering and construction profession to present its highly technical subject to the lay mind, however keen that mind may be. The processes of building and construction work seem so obvious and the prodigious accomplishments have become so much a matter of course that the average person gives little heed to the intricacies involved and, while it is recognized that vast sums of money can be made or lost through the quality of management exhibited in the conduct of these works, the failure on the part of the layman to understand the difficulties and supply proper remedies has always been one of the burdens that the construction engineer has had to carry in his plea for scientific supervision (p. 2952).

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6. * * *

(*b*) * * *

It has been decided by the Secretary of War that war activities in so far as possible would be carried on by the existing machinery of the Army (p. 2953).

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(*c*) If the work were to be undertaken without delay—as emergency work—a survey of the contracting industry was necessary. This would enable the

Government to choose from all of the contractors of the country those best equipped to handle the vast, emergent projects that would be constantly arising. The theory of this survey would be to get for the Government contractors of known and tried ability who had been used to conducting large and important enterprises and whose going organizations were ready and equipped to perform with the least possible delay the construction work (p. 2953).

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7. In the matter of formation of the contract much counsel was taken. A sort of general committee formed of the various bureaus concerned, and at that time including representatives of the Navy and the Shipping Board, met almost daily for the purpose of considering the terms of the contract. The Navy's representatives were various—Admiral Rousseau, Admiral Capps, Mr. C. D. Thurber (now lieutenant commander), and on one or two ooccasions other high officials of the Navy Department. Mr. L. W. Call (nów Col. Call) represented the Judge Advocate General, and all meetings were attended by the representatives of the legal department of the General Munitions Board.

Mr. W. C. Saeger and Mr. Louis Wehle both took an active interest, and Mr. R. J. Bulkley, head of the Legal Section, was also very attentive to the deliberations. Not only was the advice of the people above referred to obtained, but leading men in the contracting industry were asked to come to Washington to give their views and assist in the development of the contract. About 200 contracting concerns were interviewed during the month of May and much valuable data was gathered as to the cost of doing business. It is here pertinent to record that on the business of about the first 300 concerns in the United States the average cost of doing business was about 3 per cent on their total annual volume. (Some few ran as low as 1½ per cent, and others ran as high as 6 per cent.) Leading architects and engineers were also consulted, as were the officers of contracting associations. It will, therefore, be seen that the form of contract which was finally submitted to the War Industries Board for approval was the result of much labor and deliberation. The form of contract is again referred to in paragraph 26. It should be here recorded that when the deliberations were about finished and the contract was near its final draft, the Emergency Construction Committee was surprised to receive word from the Navy Department that it did not acquiesce in the recommendation about to be made. Admiral Harris, then in charge of the Bureau of Yards and Docks, sent a note to Mr. Scott stating that he regarded the proposed contract as inadequate, but since his representatives had contributed much to the deliberations and, further, since he made no suggestion as to where the loopholes occurred, his comment could not be regarded as constructive criticism. On or about June 1, 1917, the General Munitions Board accepted the final draft of the form of contract as prepared by the Emergency Construction Committee and recommended its use to the Construction Division (then the Cantonment Division) of the Army (pp. 2953–2954).

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Its failure to do so has cost the Navy vast sums of money, and the proof of this lies in the fact that the very contractors who were receiving these very favorable 10 per cent contracts were at the same time soliciting, and in some cases receiving work from the Construction Division of the Army on the standard emergency form of contract formulated by the General Munitions Board.

8. The organization of the Construction Division out of the old Construction and Repair Department of the Quartermaster Corps was a most difficult and trying task. The old precedents of the War Department kept rising up to defeat modern methods and, while nearly all of the officials of the War Department strove diligently to compensate these drawbacks, there were many insuperable traditional forms which were fundamental with the structure upon which the new organization had to be built, and the new scheme of organization had to take them into account (p. 2954).

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The havoc created by these accountants was responsible for the loss of millions of dollars to the Government because of the cumbersome methods which they imposed, in spite of all protests. The situation, indeed, became so bad that along in July, 1917, when the cantonments were getting in full swing, the perversion of original intent by these accountats had become so marked that they actually had it framed up to supersede the cotracting officer, Col. I. W. Littell, then in charge of the Construction Division, and make the accountancy officers solely responsible for the construction work (p. 2954).

It is true that many of the officers of the Construction Division had been called from the best engineering and constructional agencies of the United States (p. 2955).

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The lesson to be drawn, if occasion ever arises for the Government again to undertake a vast emergency program, is that the construction work should be turned over to construction people of experience in the normal practices of the construction industry (p. 2955).

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10. The report of May 9 of the emergency construction committee, on which its subsequent activities were largely based (p. 2955).

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Accordingly it was decided to address the people of the country who had been dealing with the contracting industry, asking for confidential opinions as to who were the best equipped constructors (p. 2955).

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About 2,000 copies of the questionnaire here referred to were sent out. Nearly 2,000 replies were received, which gave valuable information on about 1,100 construction concerns. The questionnaires were similarly sent to the chief engineers of all of the leading railroads of the country, the constructional departments of the large industrial concerns, such as the General Electric, Armour & Co., National Biscuit, etc. These also rendered valuable assistance, with the result that by about June 1 the committee was in possession of the names of about 1,800 contracting concerns throughout the country. These were catalogued and cross-referenced, both geographically and alphabetically (p. 2955).

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12. The policy pursued in the recommendation of contractors was under the purview of the Secretary of War, for in the early days of the activities of the Emergency Construction Committee the Secretary of War took a very definite interest in its work and was familiar with the details of the committee's activities. On at least one occasion he attended a meeting of the committee when the first estimates for the building of the cantonments were under consideration and throughout the conduct of the Government's building program he has been especially familiar with the work. The policy adopted seemed to have met with favor in the War Department.

It, of course, became generally known throughout the industry just what the activities of the committee were to be, and contractors commenced flocking to Washington to lay their claims for consideration before the Government. Many of these found their way to Congressmen and Senators, who, in turn, would introduce them to members of the committee. Many would come with personal letters to the Secretary of War and other members of the Cabinet and, in fact, many applicants introduced to the President direct were referred to the committee for guidance and information.

It was the endeavor of the committee members and the officer staff to treat all applicants alike. Fullest possible information would be given out. Recognition was always given to the personal introduction from whatever quarter, with the result that the Emergency Construction Committee organization has felt throughout the conduct of the building program that it had the sympathy and support of the contracting industry; albeit many were called, but few were chosen (p. 2956).

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14. The early activities of the emergency construction committee and the Construction Division are so interwoven that it is almost impossible to separate them. The original committee referred to in the first paragraps of this communication was shortly after its formation augmented by the addition of Maj. William Kelly, Corps of Engineers (now a brigadier general serving in France), and commencing about June 1, 1917, Frederick Law Olmsted. Thus the committee consisted of Maj. W. A. Starrett, chairman, M. C. Tuttle, C. W. Lundoff, Frederick Law Olmsted, and Maj. William Kelly. In the latter part of June, 1917, C. W. Lundoff resigned, and the committee carried along over a considerable time with the four remaining members.

On or about August 15, 1917, the Secretary of War, in response to certain criticisms that was gainging currency that organized labor was not being represented, requested that consideration be given to organized labor in the deliberations as to the recommendation of contractors (pp. 2956–2957).

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Accordingly, Mr. John Donlin, the representative of the building trades in the American Federation of Labor, was appointed and has served as a member of the committee since his appointment (p. 2957).

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19. The Construction Division, while built on the skeleton of the old Construction and Repair Division of the Quartermaster Corps, in spite of all efforts to the contrary, drifted into a more or less anomalous position, due in part to its rapid growth and the numerous responsibilities that were forced upon it, and in part to the failure of other departments of the Government to comprehend its functions. The principal officers of the division were drawn variously from the Corps of Engineers, the Quartermaster Corps, the Ordnance Corps, and the Signal Corps, and, while they reported to the head of the Construction Division direct, there was a great undercurrent of misunderstanding as to the detail of the functions that each bureau was to perform in supplying information and cooperation to the Construction Division.

20. The manifest interferences from these other bureaus in starting little building enterprises of their own, culminated in the issuance on October 5, 1917, of an order by The Adjutant General directing all construction work in this country to be conducted by the Construction Division. At that time there were probably 20 different constructional organizations either under way or in contemplation in the various bureaus of the Government (p. 2958).

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This allocation (for such it amounted to), together with the form of contract, made the emergency construction committee the target for all manner of criticism. Again, the difficulty of explaining a complicated and technical subject to a critical public rendered the work exceedingly sensitive to these outside influences. Maj. Foster, who has probably given more thought than anybody else connected with the War Industries Board to this whole question, and whose deep study of the matter has produced more sound and constructive results than that of anyone else connected with this work, has written at length on the subject (pp. 2958–2959).

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22. In August, 1917, the Council of National Defense decided to build its own building, for, with the growing activities of the War Industries Board, it was fast outgrowing its quarters in the Munsey Building. The question was referred to the emergency construction committee, and a plan for building a temporary two-story structure at Eighteenth and D Streets was devised and submitted. Pursuant to that report the building was started on September 2, 1917, and on October 14 the structure was substantially completed and the Council of National Defense commenced to occupy it. The funds were provided from the President's special emergency fund of $100,000,000 and the chairman of the committee was designated contracting officer. At about the same time the Food Administration needed space and with the consent of the Council of National Defense it took advantage of the work that the emergency constructon committee had done and shortly after the commencement of work on the Council of National Defense Building, the Food Administration Building No. 1 was started on the opposite corner of Eighteenth and D Streets NW.

This activity led to a succession of building operations, all under the direction of the committee, the chairman in each case acting as contracting officer. The buildings thus built were:

	Approximate cost.	Gross area.
		Square feet.
Council of National Defense	$225,000	105,234
Ordnance Building	340,000	145,176
Food No. 1 and Fuel No. 1	400,000	172,612
Food Administration No. 2	225,000	80,975
Fuel Administration No. 2	20,000	7,396
Fuel Administration No. 3	380,000	165,148
War Trade Board	650,000	269,344
War Industries Board	835,000	280,208
Total	3,075,000	1,226,093

(P. 2959.)

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Permission was granted by the War Industries Board to the emergency construction committee to call together a subcommittee of eminent architects who would frame an equitable form of contract which would suit the emergency situation arising, whether in housing or in the general building program, and give a basis upon which the Government could avail itself of the valuable services that the profession had to offer. This subcommittee had many conferences in Washington with the emergency construction committee (p. 2959).

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The recommendation of the subcommittee was an exceptionally good one and the Government undoubtedly would have been the gainer by the acceptance of the form of contract or something similar to it, and the more general use of existing architectural organizations in the conduct of its emergency construction program.

As a matter of fact, toward the end of the war the Construction Division took up and modified this contract and put the modified form into effect in some few cases (p. 2960).

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26. The emergency construction committee had watched over the organization and work of the Construction Division, and, as here noted, had been closely allied with it in all its activities. The emergency form of contract, which had stood the test of about $200,000,000 worth of work, was the subject of most careful solicitation during the building of the cantonments. The end of the year 1917 gave an occasion to review the work that had been done, and it was discovered that, in view of the development of the Construction Division's supervisory forces and the special assistance that was being afforded contractors in the conduct of their work, such as assisting in the allocation of orders, assisting in transportation questions, and relieving the contractor of certain phases of accountancy, the fees paid were out of proportion to the services rendered. Therefore a downward revision of the schedule of percentages was decided upon, and on January 18, 1918, the committee addressed the War Industries Board with a memorandum on the subject suggesting this downward revision (p. 2960).

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About that time, the various bureaus having made a flurry in attempting to run their own building departments, commenced to discover the difficulties they were getting into and became more and more aware of the soundness of The Adjutant General's order requiring that this work be done by the Construction Division. Partial compliance of these bureaus had set in before the end of 1917, but it was not until along in February that there was any general recognition of the necessity of conducting all of this work under one bureau. The significance of this order had not been generally understood. By the bureaucratic agencies it was thought to be merely a scheme to give this new division extraordinary powers. Such was not the case (pp. 2960–2961).

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Labor was entering a period of unprecedentedly high wages and unprecedented inefficiency. The competition that was setting in became so abnormal as to render the building question almost a national issue even at a time when very great problems were in the forefront of public consideration (p. 2961).

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On February 12, 1918, an order setting up the Construction Division as a separate division of the Army was issued, and a separate staff of 2,400 officers was assigned to the division, all to be drawn from the Quartermaster Corps (p. 2961).

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It was at this time that many of the principal officers of that division, who were Corps of Engineer men, were transferred from the Corps of Engineers to the Quartermaster Corps. In that one transfer the Corps of Engineers lost something like 140 of the best engineers in the country who, by mere reason of a bureaucratic entanglement, lost their original corps allegiance and became Quartermaster officers; an entirely anomalous situation (p. 2961).

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30. The recommendation of contractors continued to be one of the principal functions of the emergency construction committee (p. 2962).

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The original principles laid down for the selection of contractors were held throughout, and in all the recommendations made the committee was not aware of political influences or special favor of any kind as having played any part. Those contractors who did not have representatives in Washington received equal consideration with those who were constantly importuning the committee members (p. 2962).

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32. The work of the emergency construction committee had throughout the war been the subject of special attention of the Secretary and Assistant Secretary of War, and, due to their generous appreciation of the difficult situation of the committee and their loyal support of the policies and activities that the committee espoused, much was accomplished that would otherwise have been impossible.

33. In June and July, 1918, critics of the War Department in casting about for objections to various activities commenced to make themselves heard in criticism of certain of the building operations for war purposes. It is not to be supposed that the work of the Construction Division had gone on perfectly, and, in fact, Gen. Marshall, head of that division, would be first to admit that much happened that was distressing to him (p. 2962).

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Criticism, some just, some captious, was indiscriminately leveled at all building activities. These came to the attention of the Secretary of War, and throughout the middle of the year 1918 it became quite customary for the Assistant Secretary of War to ask the emergency construction committee to make special reports to the War Department on the subject of these criticisms. Investigation indicated that many of these subjects of criticism were the result of the activities of the sporadic building outfits that had been set up in the various bureaus contrary to the orders of the Adjutant General of October 5, directing that all work be done under the Construction Division. It was discovered that many contracts had been made to pay contractors cost plus 10 per cent, giving them carte blanche as to what constituted cost, exacting no particular accountability and setting no limit on the amount of profit that might be made by reason of increased cost of the work. Moreover, the makers of these contracts had seemingly failed to appreciate the administrative machinery necessary to conduct work of magnitude, with the result that when these great, wildcat operations got under way they seemed to get out of all control and became incipent business shambles. There are several cases on record where the Government didn't even have a representative at the site of the operation, yet where hundreds of thousands of dollars were spent out by contractors on Government account. Moreover, estimates on which these projects had been launched were not accurate either as to the amounts of money involved or the objects to be accomplished. Projects that were "estimated" to cost two or three millions would be discovered to have run up to eight or ten million dollars before they were fairly started, and bad as it was to allow contractors 10 per cent on so vast a sum as the original estimate, no limitation of fee had been named in case of an overrun of the cost of the work (p. 2962–2963).

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Experience had shown that a construction organization having successfully finished a large operation was in the best possible position to take up another operation of similar size, to do it even more effectively than the one just finished. This led to the conclusion that economy demanded the keeping busy of a number of the most successful concerns on Government work (p. 2963).

* * * * * * *

Objection to the policy of giving contractors repeat orders had always arisen from the fact that by giving one concern a number of jobs successively that concern would be making an inordinate amount of profit. This idea, so abhorrent to our governmental habit of thought, was deemed inexpedient. The principle of equal distribution, which in its practical application savors of the pork barrel, seemed uppermost in the minds of many people in influential positions in the Government. However, if it could have been pointed out that under no circumstances would a contractor be allowed to make more than a given amount per year, regardless of the number of operations assigned to him, this objection would have vanished, because the experience of the committee with Government officials, in whatever position, had indicated that in the last analysis they never attempted to subserve the Government's interests to those

of their constituents for whom they sought consideration at the hands of the committee.

This proposition of still further reducing the total amount of fees under certain conditions was strongly urged and received the whole-hearted support of the Assistant Secretary of War and the chairman of the War Industries Board. However, the Construction Division objected to it on grounds that seemed to the emergency construction committee entirely untenable. The outcome of the whole matter was that nothing was ever done looking toward this still further reduction, and it is the opinion of the emergency construction committee that the Government was the loser by the failure of the Construction Division to adopt this important step (p. 2963).

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Already it is appearing that these criticisms were largely unfounded as emanating from mismanagement. The high costs observed were largely caused by economic disturbances which were felt even more severely in the shipbuilding, coal mining, munitions making, and manufacturing of all kinds, practically throughout the entire country.

In spite of this it is fair to say that the Construction Division toward the latter part of the war was due for a serious overhauling, and the writer is of the opinion that Gen. Marshall was among the first to recognize the fact. The division had become so large that the officers did not know each other. Red tape had commenced to creep in to an alarming degree. Small cliques of officers were forming around various nuclei, and prejudice and suspicion were making headway. In the highly fiduciary work that this committee was called upon to do, it was necessary to be in constant consultation with the officers of that division to ascertain where the best results were being obtained. It is unhappily the writer's duty to record that in this particular the division was deficient. It had not addressed itself to establishing standards of performance, with the result that there was no central authority to disseminate opinion as to how contractors were doing. The result was that a system of oral commendation set up among the subordinate officers, and contractors soon got to recognize this fact. In the last two months of the war the emergency construction committee was put to no end of embarrassment by contractors presenting commendation of this or that captain for some particular job.

Gen. Marshall was appealed to to stop this randon commendation, but he replied that he didn't wish to introduce any more red tape into his organization. Such action as he took was verbal, as far as is known, and the evil of the situation was assuming alarming proportions at the close of the war. It needs no stretch of the imagination to indicate the baneful possibilities of this activity. The whole question was giving the hgher officers in the Construction Division the greatest concern, and the committee is under the impression that very radical orders tending to correct the condition were about to be issued by Gen. Marshall when the armistice was signed and the building program brought suddenly to a close (p. 2964).

* * * * * * *

When the circular issued by the committee on public information of the War Industries Board came out, on September 6, 1918, authorizing and, in fact, urging section heads to get out their publicity under certain restrictions, the writer was glad of an opportunity to take his pen in hand. "Building for victory" was written and submitted for authorization. This was duly approved, and the story appeared in the November, 1918, number of Scribner's. Copy of magazine is attached, marked Exhibit Q. Also a series of four articles appeared in Scientific American in the numbers of September 7, 14, 28, and October 12, 1918, copies of which are hereto attached, marked Exhibit R (*a*), (*b*), (*c*), and (*d*).

These five articles are frankly propaganda work, particularly the Scientific American articles. Anyone who has patience to labor through this report is urged to red the Scientific American articles. There the whole story is told, and the attitude of the War Industries Board is set forth in detail. The formal approval of the articles was obtained from the War Industries Board's publicity bureau (p. 2964).

* * * * * * *

In the early days of the war, Mr. James A. Meares, New York manager of the Fred T. Ley Construction Co., served as an assistant and secretary. He remained in Washington for the first four or five months of the committee's

activities and rendered invaluable service. Maj. J. R. Kilpatrick, Quartermaster Corps, was among the first to offer his services, which were gladly accepted. He laid down an important official position with the Thompson-Starrett Co. in New York and took a commission in the Army. He served until December, 1917, when he was ordered into service in France (p. 2965).

* * * * * * *

There were over 3,500 contractors whose names were filed with the emergency construction committee and yet throughout its whole activities the committee made only 336 separate recommendations. Of these, 2 contractors were recommended five times, 11 contractors were recommended four times, 18 contractors were recommended three times, 49 contractors were recommended twice, and the balance, 130, were scattering, single recommendations. This means that the committee has used 210 separate contractors in the 336 projects that have come before it (p. 2966).

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DECEMBER 24, 1919.

The Hon. SECRETARY OF WAR,
War Department, Washington, D. C.

MY DEAR MR. SECRETARY: Will you kindly cause to be furnished, for the use of subcommittee No. 2 of the Select Committee on Expenditures in the War Department, the following data, and, if possible, let it be furnished not later than December 31:

1. The total cost to the Government, corrected to date, of each of the 16 National Army cantonments, separated, as far as possible, into—
(*a*) Shelter complete.
(*b*) Outside utilities.
(*c*) Administrative, storage, and special buildings and projects (e. g. rifle ranges, etc.).
2. The same as to the 16 National Guard camps.
3. The amount, as to each of the above projects, by items, of all additional payments made by the United States, such as freight and expressage on material, engineering fees, etc., properly chargeable as a part of the cost to the United States of the construction of each of the above 32 projects, not shown as a part of the cost by the several contractors thereon; and indicate by the letter of transmittal whether or not they are included in the totals under 1 and 2 above.
4. The number of officers and men, animals, and quantity of material and equipment that was to be cared for under the original contracts for construction in each of the above 32 projects; that is, exactly what was embraced in the original contracts.

Very respectfully,

J. C. MCKENZIE,
Chairman Subcommittee No. 2 of the Select Committee on Expenditures in the War Department.

(Pp. 2966–2967.)

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTION DIVISION OF THE ARMY,
Washington, D. C., January 15, 1920.

Hon. J. W. GRAHAM,
Chairman Committee on Expenditures in the War Department,
House of Representatives, Washington, D. C.

For the attention of Hon. John C. McKenzie, chairman Subcommittee No. 2.

SIR: Referring to your letter of December 24, addressed to the Secretary of War and by him referred to this office, requesting certain information regarding costs and capacities of camps and cantonments. Attached hereto are six tabulations giving information therein requested, in so far as such information is available:

* * * * * * *

3. The totals under 1 and 2 above do not include payments for transportation of construction materials for most of the work, as payments were through the office of the Director of Finance and detailed records do not show such payments segregated under the headings of individual camp construction.

4. The numbers of officers and men, animals, and quantities of materials and equipment that were to be cared for under the original contracts for construction on each of the above 32 projects, are shown for the 16 National Army cantonments on sheets 5 and 6 and in part for National Guard camps on sheet 6; all other National Guard requirements were for one Infantry division of 35,992 men and 10,533 animals.

Respectfully,

R. C. MARSHALL, Jr.,
Brigadier General, United States Army,
Chief of Construction Division.

(P. 2967.)

WAR DEPARTMENT,
OFFICE QUARTERMASTER GENERAL OF THE ARMY,
Washington, July 18, 1918.

Subject: Itemized classification or appropriations.

1. The Army appropriation act for the fiscal year 1919, approved July 9, 1918, provides:

That all the money hereinbefore designated under the titles

"Subsistence of the Army," "Regular supplies, Quartermaster Corps," "Incidental expenses, Quartermaster Corps," "Transportation of the Army and its supplies," "Clothing and camp and garrison equipage," "Water and sewers at military posts,"	Formerly disbursed and accounted for as supplies, services, and transportation, Quartermaster Corps.

"Horses for Cavalry, Artillery, and Engineers," etc.,
"Barracks and quarters,"
"Military post exchanges,"
"Roads, walks, wharves, and drainage,"
"Barracks and quarters, Philippine Islands,"
"Construction and repair of hospitals,"
"Quarters for hospital stewards,"
"Shooting galleries and ranges,"
"Maintenance Army War College,"
"Rent of buildings, Quartermaster Corps,"
"Claims for damage to and loss of private property,"
"Vocational training,"
"Rifle ranges for civilian instruction,"
"Quartermaster supplies, equipment, etc., Reserve Officers' Training Corps,"
"Quartermaster supplies for military equipment of schools and colleges,"

Shall be disbursed and accounted for by officers and agents of the Quartermaster Corps as general appropriations, Quartermaster Corps, and for that purpose shall constitute one fund (p. 2968).

Detailed statement of approximate cost of National Army camps, Dec. 31, 1919.

Camps.	Quartermaster Corps funds.									Transferred funds.		
	Total.	G. A., 1919.	B. and Q., 1918.	S. S. and T., 1918.	R. W. W. and D., 1918.	C. and R. of H.	S. G. and R.	M. P. E.	I. and P. S. and S. F.	S. S. of A.	A. S. M.	Inc. Avia.
Camp Custer:												
Allotments fiscal year, 1918	$10,154,281.01	.....	$3,817,193.87	$4,248,724.84	$668,243.93	$1,186,069.00	$51,704.00	$41,970.37	$114,175.00	$6,200.00	.....	.....
Allotments fiscal year, 1919	3,087,905.00	$3,087,905.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total allotments	13,242,166.01	3,087,905.00	3,817,193.87	4,248,724.84	668,243.93	1,186,069.00	51,704.00	41,970.37	114,175.00	6,200.00	.....	.....
Savings reported	412,122.94	82,510.52	78.83	24,849.13	15,981.17	274,289.96	2,920.44	.....	10,952.73	540.16	.....	.....
Financial statement of camp	12,830,063.07	3,005,394.48	3,817,115.04	4,223,875.71	672,262.76	911,779.04	48,783.56	41,970.37	103,222.27	5,659.84	.....	.....
Surplus material	500,000.00	.....	250,000.00	250,000.00	.....	.....	.....	.....	.....	.....	.....	.....
Approximate cost of camp	12,330,063.07	3,005,394.48	3,567,115.04	3,973,875.71	672,262.76	911,779.04	48,783.56	41,970.37	103,222.27	5,659.84	.....	.....
Camp Devens:												
Allotments fiscal year, 1918	12,526,665.48	.....	5,514,792.52	4,295,080.27	930,048.00	1,565,309.69	55,000.00	27,000.00	139,435.00	.....	.....	.....
Allotments fiscal year, 1919	528,404.51	522,944.51	.....	.....	.....	.....	.....	.....	5,460.00	.....	.....	.....
Total allotments	13,055,069.99	522,944.51	5,514,792.52	4,295,080.27	930,048.00	1,565,309.69	55,000.00	27,000.00	144,895.00	.....	.....	.....
Savings reported	753,021.66	16,745.08	324,662.91	150,461.48	118,251.86	113,900.33	.....	27,000.00	.....	.....	.....	.....
Financial statement of camp	12,302,048.33	504,199.43	5,190,129.61	4,144,618.79	811,796.14	1,451,409.36	55,000.00	.....	144,895.00	.....	.....	.....
Surplus material	500,000.00	.....	300,000.00	200,000.00	.....	.....	.....	.....	.....	.....	.....	.....
Approximate cost of camp	11,802,048.33	504,199.43	4,890,129.61	3,944,616.79	811,796.14	1,451,409.36	55,000.00	.....	144,895.00	.....	.....	.....
Camp Dix:												
Allotments fiscal year, 1918	12,358,800.93	.....	5,521,900.62	4,360,395.55	647,319.96	1,391,855.19	202,309.07	37,685.54	172,135.00	25,200.00	.....	.....
Allotments fiscal year, 1919	406,785.00	387,910.00	.....	.....	.....	.....	.....	.....	18,875.00	.....	.....	.....
Total allotments	12,765,585.93	387,910.00	5,521,900.62	4,360,395.55	647,319.96	1,391,855.19	202,309.07	37,685.54	191,010.00	25,200.00	.....	.....
Savings reported	326,900.12	61,849.95	.....	17,271.25	.....	228,071.05	.....	.....	17,170.85	1,537.02	.....	.....

(P. 2969.)

Financial statement of camp.	12,439,685.81	326,060.05	5,521,900.62	4,343,124.30	647,319.96	1,163,784.14	202,309.07	37,685.54	173,839.15	23,662.98	.....	.....
Surplus material..	500,000.00	.....	300,000.00	200,000.00	.....	.....	.....	.....	.....	.....	.....	.....
Approximate cost of camp...	11,939,685.81	326,060.05	5,221,900.62	4,143,124.30	647,319.96	1,163,784.14	202,309.07	37,685.54	173,839.15	23,662.98	.....	.....
Camp Dodge:												
Allotments fiscal year 1918.....	8,287,528.28	.....	3,596,419.00	2,767,920.00	706,511.73	961,917.68	52,685.42	27,000.00	165,215.00	9,859.45	.....	.....
Allotments fiscal year 1919.....	2,289,316.36	2,286,116.36	.....	.....	.....	.....	.....	.....	3,200.00	.....	.....	.....
Total allotments	10,576,844.64	2,286,116.36	3,596,419.00	2,767,920.00	706,511.73	961,917.68	52,685.42	27,000.00	168,415.00	9,859.45	.....	.....
Savings reported..	1,275,373.19	918,930.28	108,314.46	155,608.26	31,197.88	50,634.40	.....	304.73	6,986.46	3,396.72	.....	.....
Financial status of camp.....	9,301,471.45	1,367,186.08	3,488,104.54	2,612,311.74	675,313.85	911,283.28	52,685.42	26,695.27	161,428.54	6,462.73	.....	.....
Surplus material..	500,000.00	100,000.00	100,000.00	200,000.00	.....	100,000.00	.....	.....	.....	.....	.....	.....
Approximate cost of camp...	8,801,471.45	1,267,186.08	3,388,104.54	2,412,311.74	675,313.85	811,283.28	52,685.42	26,695.27	161,428.54	6,462.73	.....	.....
Camp Funston:												
Allotments fiscal year 1918.....	10,381,965.57	.....	4,417,220.82	4,747,449.55	620,262.96	447,599.01	27,509.64	2,500.00	119,423.59	.....	.....	.....
Allotments fiscal year 1919.....	291,688.97	288,938.97	.....	.....	.....	.....	.....	.....	2,750.00	.....	.....	.....
Total allotments	10,673,654.54	288,938.97	4,417,220.82	4,747,449.55	620,262.96	447,599.01	27,509.64	2,500.00	122,173.59	.....	.....	.....
Savings reported..	149,506.57	5,007.90	.....	89,032.59	8,436.02	.....	22,490.46	.....	24,539.60	.....	.....	.....
Financial status of camp.....	10,524,147.97	283,931.07	4,417,220.82	4,658,416.96	611,826.94	447,599.01	5,019.18	2,500.00	97,633.99	.....	.....	.....
Surplus material..	500,000.00	.....	250,000.00	250,000.00	.....	.....	.....	.....	.....	.....	.....	.....
Approximate cost of camp...	10,024,147.97	283,931.07	4,167,220.82	4,458,416.96	611,826.94	447,599.01	5,019.18	2,500.00	97,633.99	.....	.....	.....
(P. 2976)												
Camp Gordon:												
Allotments fiscal year 1918.....	9,489,452.37	.....	4,839,841.93	2,654,935.00	614,661.98	1,146,625.56	64,464.88	33,269.24	135,653.78	.....	.....	.....
Allotments fiscal year 1919.....	1,242,938.20	1,242,938.20	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total allotments	10,732,390.57	1,242,938.20	4,839,841.93	2,654,935.00	614,661.98	1,146,625.56	64,464.88	33,269.24	135,653.78	.....	.....	.....
Savings reported..	36,675.41	.....	1,901.41	893.86	3,097.04	1,755.60	9,713.10	.57	19,313.83	.....	.....	.....
Financial status of camp.....	10,695,715.16	1,242,938.20	4,837,940.52	2,654,041.14	611,564.94	1,144,869.96	54,751.78	33,268.67	116,339.95	.....	.....	.....

Detailed statement of approximate cost of National Army camps, Dec. 31, 1919—Continued.

Camps.	Quartermaster Corps funds.									Transferred funds.		
	Total.	G. A., 1919.	B. and Q., 1918.	S. S. and T., 1918.	R. W. W. and D., 1918.	C. and R. of H.	S. G. and R.	M. P. E.	I. and P. S. and S. F.	S. S. of A.	A. S. M.	Inc. Avia.
Camp Gordon—Contd												
Surplus material..	$500,000.00	$100,000.00	$200,000.00	$200,000.00	.....	.....	.....	.....	.....	.....	.....	.....
Approximate cost of camp..	10,195,715.16	1,142,938.20	4,637,940.52	2,454,041.14	$611,564.94	$1,144,869.96	$54,751.78	$33,268.67	$116,339.95	.....	.....	.....
Camp Grant:												
Allotments fiscal year 1918.....	10,082,278.53	.....	4,371,512.50	4,038,841.00	378,259.38	1,056,977.90	41,147.23	37,505.52	158,035.00	.....	.....	.....
Allotments fiscal year 1919.....	4,324,936.00	4,319,756.00	.....	.....	.....	.....	.....	.....	5,180.00	.....	.....	.....
Total allotments	14,407,214.53	4,319,756.00	4,371,512.50	4,038,841.00	378,259.38	1,056,977.90	41,147.23	37,505.52	163,215.00	.....	.....	.....
Savings reported..	1,696,015.34	1,237,604.32	95,018.59	107,155.94	123,068.50	89,297.74	15.47	.....	43,854.78	.....	.....	.....
Financial status of camp.....	12,711,199.19	3,082,151.68	4,276,493.91	3,931,685.06	255,190.88	967,680.16	41,131.76	37,505.52	119,360.22	.....	.....	.....
Surplus material..	1,500,000.00	1,000,000.00	200,000.00	300,000.00	.....	.....	.....	.....	.....	.....	.....	.....
Approximate cost of camp..	11,211,199.19	2,082,151.68	4,076,493.91	3,631,685.06	255,190.88	967,680.16	41,131.76	37,505.52	119,360.22	.....	.....	.....
Camp Jackson:												
Allotments fiscal year 1918.....	11,727,686.33	.....	5,465,771.24	4,177,346.32	649,999.00	1,183,762.41	50,000.00	27,000.00	167,109.00	$6,698.36	.....	.....
Allotments fiscal year 1919.....	952,398.15	944,461.56	.....	.....	.....	.....	.....	.....	.....	.....	$4,876.59	$3,600.00
Total allotments	12,680,624.48	944,461.56	5,465,771.24	4,177,346.32	649,999.00	1,183,762.41	50,000.00	27,000.00	167,109.00	6,698.36	4,876.59	3,600.00
Savings reported..	73,081.04	5,289.60	.....	.....	.....	25,594.66	35,650.68	.....	.....	2,272.47	4,273.63	.....
Financial status of camp.....	12,607,543.44	939,171.96	5,465,771.24	4,177,346.32	649,999.00	1,158,167.75	14,349.32	27,000.00	167,109.00	4,425.89	602.96	3,600.00
Surplus material..	500,000.00	.....	300,000.00	200,000.00	.....	.....	.....	.....	.....	.....	.....	.....
Approximate cost of camp..	12,107,543.44	939,171.96	5,165,771.24	3,977,346.32	649,999.00	1,158,167.75	14,349.32	27,000.00	167,109.00	4,425.89	602.96	3,600.00

(P. 2971.)

Camp Pike:													
Allotments, fiscal year 1918	9,874,349.82	.....	4,601,749.56	3,466,845.06	728,887.87	853,429.97	50,442.36	42,000.00	130,995.00	.....	.....	.....
Allotments, fiscal year 1919	3,948,850.00	3,948,850.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total allotments	13,823,199.82	3,948,850.00	4,601,749.56	3,466,845.06	728,887.87	853,429.97	50,442.36	42,000.00	130,995.00	.....	.....	.....
Savings reported	604,969.29	182,220.15	158,001.22	86,011.43	20,822.11	134,305.68	39.46	4,655.87	18,913.87	.....	.....	.....
Financial status of camp	13,218,230.73	3,766,629.85	4,443,748.34	3,380,833.63	708,065.76	719,124.29	50,402.90	37,344.63	112,081.13	.....	.....	.....
Surplus material	500,000.00	100,000.00	200,000.00	100,000.00	.....	.....	.....	.....	.....	.....	.....	.....
Approximate cost of camp	12,718,230.73	3,666,629.85	4,243,748.34	3,280,833.63	708,065.76	719,124.29	50,402.90	37,344.63	112,081.13	.....	.....	.....
Camp Sherman:												
Allotments, fiscal year 1918	10,781,110.87	.....	5,273,630.99	3,724,804.00	562,854.00	1,008,816.62	50,000.00	27,190.26	113,815.00	.....	.....	.....
Allotments, fiscal year 1919	1,852,605.00	1,852,605.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total allotments	12,633,715.87	1,852,605.00	5,273,630.99	3,724,804.00	562,854.00	1,008,816.62	50,000.00	27,190.26	113,815.00	.....	.....	.....
Savings reported	70,473.43	66,124.44	1,315.93	.....	3,033.06	.....	.....	.....	.....	.....	.....	.....
Financial status of camp	12,563,242.44	1,786,480.56	5,272,315.06	3,724,804.00	559,820.94	1,008,816.62	50,000.00	27,190.26	113,815.00	.....	.....	.....
Surplus material	500,000.00	100,000.00	300,000.00	100,000.00	.....	.....	.....	.....	.....	.....	.....	.....
Approximate cost of camp	12,063,242.44	1,686,480.56	4,972,315.06	3,624,804.00	559,820.94	1,008,816.62	50,000.00	27,190.26	113,815.00	.....	.....	.....
Camp Taylor:												
Allotments, fiscal year 1918	8,120,124.51	.....	4,163,325.61	2,113,961.49	653,289.76	936,799.11	75,153.21	34,973.32	140,622.01	.....	.....	.....
Allotments, fiscal year 1919	779,447.33	779,447.33	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total allotments	8,899,571.84	779,447.33	4,163,325.61	2,113,961.49	653,289.76	938,799.11	75,153.21	34,973.32	140,622.01	.....	.....	.....
Savings reported	539,221.36	77,267.67	179,010.92	31,411.57	13,598.12	141,297.40	228.63	26,995.76	69,411.27	.....	.....	.....
(1P2972.)												
Financial status of camp	8,360,350.48	702,179.66	3,984,314.69	2,082,549.92	639,691.64	797,501.71	74,924.58	7,977.54	71,210.74	.....	.....	.....
Surplus material	500,000.00	.....	300,000.00	200,000.00	.....	.....	.....	.....	.....	.....	.....	.....
Approximate cost of camp	7,860,350.48	702,179.66	3,684,314.69	1,882,549.92	639,691.64	797,501.71	74,924.58	7,977.54	71,210.74	.....	.....	.....

Detailed statement of approximate cost of National Army camps, Dec. 31, 1919—Continued.

Camps.	Quartermaster Corps funds.									Transferred funds.		
	Total.	G. A., 1919.	B. and Q., 1918.	S. S. and T. 1918.	R. W. W. and D., 1918.	C. and R. of H.	S. G. and R.	M. P. E.	I. and P. S. and S. F.	S. S. of A.	A. S. M.	Inc. Avia.
Camp Travis:												
Allotments, fiscal year 1918	$7,973,105.97	.....	$3,808,602.96	$2,304,813.01	$580,780.98	$1,107,462.46	$48,951.36	.....	$122,496.20	.....	.....	.....
Allotments, fiscal year 1919	459,732.43	$459,732.43	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total allotments	8,432,839.40	459,732.43	3,808,602.96	2,304,813.01	580,780.98	1,107,462.46	48,951.36	.....	122,496.20	.....	.....	.....
Savings reported	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Financial status of camp	8,432,839.40	459,732.43	3,808,602.96	2,304,813.01	580,780.98	1,107,462.46	48,951.36	.....	122,496.20	.....	.....	.....
Surplus material	500,000.00	.....	300,000.00	200,000.00	.....	.....	.....	.....	.....	.....	.....	.....
Approximate cost of camp	7,932,839.40	459,732.43	3,508,602.96	2,104,813.01	580,780.98	1,107,462.46	48,951.36	.....	122,496.20	.....	.....	.....
Camp Upton:												
Allotments, fiscal year 1918	13,902,360.52	.....	5,709,362.34	5,329,537.01	984,834.00	1,593,862.88	52,115.00	$61,720.95	178,776.34	$2,152.33	.....	.....
Allotments, fiscal year 1919	727,797.80	725,122.80	.....	.....	.....	.....	.....	.....	2,675.00	.....	.....	.....
Total allotments	14,630,158.32	725,122.80	5,709,362.34	5,329,537.01	984,834.00	1,593,862.88	52,115.00	61,720.95	181,451.34	2,152.33	.....	.....
Savings reported	206,661.02	.....	.....	.....	60,722.01	110,592.81	1,644.61	17,301.36	16,400.23	.....	.....	.....
Financial status of camp	14,423,497.30	735,122.80	5,709,362.34	5,329,537.01	924,111.99	1,483,270.07	50,470.39	34,419.59	165,051.11	2,152.33	.....	.....
Surplus material	500,000.00	.....	300,000.00	200,000.00	.....	.....	.....	.....	.....	.....	.....	.....
Approximate cost of camp	13,923,497.30	725,122.80	5,400,362.34	5,129,537.01	924,111.99	1,483,270.07	50,470.39	34,419.59	165,051.11	2,152.33	.....	.....
Camp Lee:												
Allotments, fiscal year 1918	14,865,408.63	.....	7,241,804.39	4,762,060.51	619,694.32	1,900,402.78	52,000.00	36,421.63	255,025.00	.....	.....	.....
Allotments, fiscal year 1919	4,394,481.61	4,394,481.61	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total allotments	19,261,890.24	4,394,481.61	7,241,804.39	4,762,060.51	619,694.32	1,900,402.78	52,000.00	36,421.63	255,025.00	.....	.....	.....
Savings reported	99,052.95	20,150.45	1,940.62	64,605.83	.....	.....	.....	156.05	12,200.00	.....	.....	.....

Financial status of camp	19,162,837.29	4,374,331.16	7,239,863.77	4,697,454.68	619,694.32	1,900,402.78	52,000.00	36,265.58	242,825.00	.....	.....	.....
Surplus material	500,000.00	100,000.00	300,000.00	100,000.00	.....	.....	.....	.....	.....	.....	.....	.....
(P. 2973.)												
Approximate cost of camp	$18,662,837.27	$4,274,331.16	$8,939,863.77	$4,597,454.68	$619,694.32	$1,900,402.78	$52,000.00	$36,265.58	$242,825.00	.....	.....	.....
Camp Lewis:												
Allotments, fiscal year 1918	8,373,893.96	.....	3,783,081.26	2,890,605.13	383,285.86	1,076,984.34	59,347.37	32,675.00	147,915.00	.....	.....	.....
Allotments, fiscal year 1919	219,786.00	219,786.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total allotments	8,593,689.96	219,786.00	3,783,081.26	2,890,605.13	383,285.86	1,076,984.34	59,347.37	32,675.00	147,915.00	.....	.....	.....
Savings reported	289,243.04	672.31	74,986.15	26,744.00	9,065.70	159,398.42	5,189.43	679.36	12,507.67	.....	.....	.....
Financial status of camp	8,304,446.92	219,123.69	3,708,095.11	2,863,861.13	374,220.16	917,585.92	54,157.94	31,995.64	135,407.33	.....	.....	.....
Surplus material	500,000.00	.....	300,000.00	200,000.00	.....	.....	.....	.....	.....	.....	.....	.....
Approximate cost of camp	7,804,446.92	219,123.69	3,408,095.11	2,663,861.13	374,320.16	917,585.92	54,157.94	31,095.64	135,407.33	.....	.....	.....
Camp Meade:												
Allotments, fiscal year 1918	12,578,820.96	.....	5,613,677.64	4,373,171.68	1,133,521.93	1,126,718.44	50,254.55	90,143.40	191,333.32	$5,484.97	.....	.....
Allotments, fiscal year 1919	4,489,230.36	4,451,350.36	.....	.....	.....	.....	.....	.....	37,880.00	.....	.....	.....
Total allotments	17,073,536.29	4,451,350.36	5,613,677.64	4,373,171.68	1,133,521.93	1,126,718.44	50,254.55	90,143.40	229,213.32	5,474.97	.....	.....
Financial status of camp	17,073,536.29	4,451,350.36	5,613,677.64	4,373,171.68	1,133,521.93	1,126,718.44	50,254.55	90,143.40	229,213.32	5,484.97	.....	.....
Surplus material	500,000.00	100,000.00	300,000.00	100,000.00	.....	.....	.....	.....	.....	.....	.....	.....
Approximate cost of camp	16,573,536.29	4,351,350.36	5,313,677.64	4,273,171.68	1,133,521.93	1,126,718.44	50,254.45	90,143.40	229,213.32	5,484.97	.....	.....

P. 2974.

At pages 2975–2979 of the record is printed statement of approximate cost of the National Guard camps under the same headings.

TABLE B.—*Summary of personnel for cantonments for the National Army, revised June 8, 1917.*

Department.	Division.	Location.	Infantry division.	Aerosquadron.	Balloon company.	Telegraph battalion.	Heavy artillery, horse drawn.	Infantry regiment.	Total for cantonments.
Northeastern	I	Ayer, Mass	35,992	173	101	225	1,372		37,863
Eastern	II	Yaphank, L. I	35,992	173	202		2,744		39,111
	III	Wrightstown, N. J.	35,992	173	101		1,372		37,633
	IV	Annapolis, Md	35,992	173			1,372		37,537
	V	Petersburg, Va	35,992	173	101		2,744	5,568	44,578
Southeastern	VI	Columbia, S. C	35,992	173	101	225	1,372	2,784	40,647
	VII	Atlanta, Ga	35,992				1,372	2,784	40,148
	XII	Little Rock, Ark	35,992					2,784	38,776
Central	VIII	Chillicothe, Ohio	35,992			225	1,372		37,589
	IX	Louisville, Ky	35,992					5,568	41,560
	X	Battle Creek, Mich	35,992						35,992
	XI	Rockford, Ill	35,992				1,372		37,364
	XIII	Des Moines, Iowa	35,992			225	2,744	5,568	44,529
	XIV	Fort Riley, Kans	35,992			225	1,372	8,371	45,960
Southern	XV	Fort Sam Houston, Tex.	35,992	173			1,372	5,568	43,105
Western	XVI	American Lake, Wash.	35,992	519	202	225	4,135	5,568	46,641
			575,872	1,730	808	1,350	24,715	44,563	649,038

* * * * * * *

JANUARY 14, 1920.

The SECRETARY OF WAR,
Washington, D. C.

MY DEAR MR. SECRETARY: In response to my letter to you dated December 24, calling for certain data relating to the total cost to the Government of the National Army cantonments and the National Guard camps, I am to-day in receipt of a letter dated January 15, from Gen. R. C. Marshall, jr., Chief of Construction Division, which does not help the committee very much, for the reason that the statement attached, purporting to show the total cost, do, in fact, show only allotments, and do not show actual expenditures or costs and for the further reason that the Construction Division states that the payments for transportation of construction materials were made through the office of the Director of Finance, and detailed records do not show such payments segregated under the headings of individual camp construction.

What the committee desires to know is, first, Is the committee to be left with the understanding that this response is all the information which the War Department can furnish to this committee of Congress relative to the actual total cost of these projects? Second, is this committee to understand that this answer to its letter to you of December 24, is all the information which this committee of Congress can obtain from your department relative to the payment of transportation charges and all other items of cost to the Government, which were, in fact, the cost of construction of these cantonments and projects though not paid by the Government through the contractor?

It must be evident to you that until these items, in approximate correctness, are obtained, it is impossible for us to know what, in fact, is the actual cost of these projects to the people of the United States.

This committee is very anxious to close this portion of its hearings, and submit a report on the work already done, and, therefore, the committee will greatly appreciate a very prompt response to the foregoing.

Very respectfully,

JOHN C. MCKENZIE,
Chairman Subcommittee No. 2 of the Select Committee on Expenditures in the War Department.

(Pp. 2981–2.)

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTION DIVISION OF THE ARMY,
Washington, D. C., January 19, 1920.

From: Chief of Construction Division.
To: Col. H. C. Smither, Assistant Director of Purchase, Storage and Traffic, Room 2026 Munitions Building, Washington, D. C.

As requested in your letter of January 19, we give below a suggested draft of a letter for the Secretary of War.

1. Referring to a letter dated January 14 from the chairman of subcommittee No. 2, concerning data supplied to him in response to his letter of December 24, in which he called for a total cost to the Government of the 16 National Army cantonments and of the 16 National Guard camps.

First. On January 15 information on this subject was furnished by the Chief of Construction Division, which showed in each case the cost of the camp to December 31, 1919. The information furnished is rather more in detail than was requested, and this undoubtedly led to the belief that only the allotments had been reported, whereas you will find by examining the tables again that not only are the allotments reported but the tables also show the expenditures under the various allotments. The specific information requested by you as regards a differentiation between the cost of shelter, outside utilities, and other features can not be specifically answered, because accounts were not kept so as to show the particular information which you desire at this time, but the accounts were kept so as to permit of the accounting for funds under the various appropriations as set down by Congress. The tables furnished show the total cost, and by this we mean the money expended at the project by the officer in charge of construction at each project.

Second. The information which has been furnished shows the entire cost to the Government not only of all payments made through the contractor but of those made directly by the Government at each project. They do not show transportation charges, as such charges were eliminated from the contract and were paid in Washington in order that the Government might secure the benefit of land-grant road freight rates and such other advantages as accrue from handling transportation charges in a central office. It should also be understood that these tables do not show any of the overhead of the Washington offices of either the War Department or any other department of the Government. We received help from practically all branches, departments, and bureaus of the Government during the war, and a complete answer to your question would involve a statement showing that part of the cost of operating these governmental agencies which should be apportioned to each camp and cantonment.

2. Should you require additional information and should you express definitely just what the information desired is we shall gladly furnish it if it is in our possession. We trust, however, that you will bear in mind that these projects were completed in record-breaking time, and that it was not practicable to take the time to compile a cost-keeping manual or to organize cost-keeping forces which would enable us to answer any question concerning the minor details of construction which might be raised several years after the actual performance of the work. It is patent that under any cost-keeping system which might have been instituted it would still be possible to ask apparently simple questions which the system would not suffice to answer.

R. C. MARSHALL, Jr.,
Brigadier General, United States Army,
Chief of Construction Division.

(P. 2982.)

PERSONNEL OF CONSTRUCTION DIVISION.

At pages 2983–2989 is shown a list of the present officers' personnel of the Construction Division, with present rank, date entering construction Division, status when entering Construction Division, and rank held on November 11, 1918.

At pages 2989–2990 is shown a list of the civilian employees of the Construction Division who were formerly of the commissioned personnel, with their prior and present salaries.

JANUARY 14, 1920.

The SECRETARY OF WAR,
Washington, D. C.

DEAR MR. SECRETARY: In testimony taken before this committee there was introduced a letter from T. B. Wheaton, advisory architect, to Col. Littell, dated May 18, 1917 (A. 97), presenting a design for a two-story barracks.

Will you kindly have furnished to this committee exactly wherein that design differed from the type as finally used in cantonment construction.

Respectfully,

JOHN C. MCKENZIE,
Chairman Subcommittee No. 2 of the Select Committee on Expenditures in the War Department.

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTION DIVISION OF THE ARMY,
Washington, D. C., January 19, 1920.

Hon. W. J. GRAHAM,
Select Committee on Expenditures in the War Department,
House of Representatives, Washington, D. C.

MY DEAR SIR: I have just received a letter, dated January 14, 1920, from the Hon. John C. McKenzie, chairman of subcommittee No. 2 of the Select Committee on Expenditures in the War Department, referred to this division by the assistant director Purchase, Storage, & Traffice Division of the General Staff, in which certain information in regard to the design for two-story barracks buildings used in the construction of the cantonments for the National Army is requested.

There are forwarded herewith blue prints of the original plans for these barrack buildings submitted to Col. Littell with a letter dated May 18, 1917, from the advisory architect of the Quartermaster General's office. These plans are numbered 11 and 12; they are accompanied by two plans marked 11-B and 12-B showing the buildings that were actually erected. The main difference in the two plans is in the size and shape of the entrance hall and in the location of the staircase. In the second story the hall is entirely omitted in the later plan. The lockers shown in the earlier plan running down the center of the building and separating the dormitories were omitted, as shown in the later plan, otherwise the plans are practically the same.

It is requested that this information be transmitted to Mr. McKenzie.

R. C. MARSHALL, Jr.,
Brigadier General, United States Army.
Chief of Construction Division.

(P. 2991.)

* * * * * * *

JANUARY 8, 1920.

From: Chief of Construction Division.

To: Hon. William J. Graham, chairman of Committee on War Expenditures, Washington, D. C.

Attention Hon. J. G. McKenzie, chairman subcommittee No. 2.

1. As requested in your letter of January 5, we give below the information requested therein:

(*a*) Total personnel of Infantry division June 1, 1917	35,992
(*b*) Total personnel of telegraph battalion June 21, 1917	225
(*c*) Total personnel of a regiment of Heavy Artillery, horse drawn, on June 21, 1917	1,372
(*d*) Total number of animals as of June 21, 1917, required by a division of Infantry	10,533
A telegraph battalion, not known.	
A regiment of Heavy Artillery, horse drawn	1,494

(*e*) Number of each type of building used for sheltering men and animals and the number of each type of building of other descriptions, is shown on blueprint No. 610-200 which is attached to your letter.

EVAN SHELBY,
Colonel, Quartermaster Corps,
Acting Chief of Construction Division.

(P. 2992.)

LIST OF CANTONMENT BUILDINGS.

At pages 2993–3001 is a list showing the number of buildings of each type erected at the several cantonments under the original contracts of construction.

JANUARY 15, 1920.

Maj. R. E. HAMILTON,
Belleair, Fla.

DEAR MAJOR: Subcommittee No. 2 of the Select Committee on Expenditures in the War Department desired your appearance before it to tell of procurement of material for the construction of the cantonments, of which work, we are informed, you were in full charge in the Construction Division during 1917. The committee is sorry that your health is such that you are not able to attend before February. Inasmuch as the committee desires to make a report on the work thus far done as near the close of the current month as possible, we will ask you to give us briefly by letter in answer to this, the facts desired.

1. State generally your duties in connection with the procurement of essential materials used in the construction of camps and cantonments, with the dates you were engaged therein.

2. Approximately, what percentage of lumber, hardware, plumbing supplies, cement, roofing, and paper were handled through your office for the construction of the 16 original National Army cantonments?

3. How were the prices of the different materials named arrived at?

4. How were shipments directed to the different cantonments; that is, by your office directly in allocation, or on requisition from the several contractors through your office?

5. What provisions were made by your office touching the procurement by contractors of extras or deficiencies in amounts furnished through your office, particularly as to the price and manner of procurement; whether on competitive bidding or otherwise?

Very respectfully,

J. C. MCKENZIE,
Chairman Subcommittee No. 2 of the Select Committee on Expenditures in the War Department.

BELLEAIR HEIGHTS, FLA., *January 21, 1920.*

Hon. JOHN C. MCKENZIE,
House of Representatives, Washington, D. C.

MY DEAR SIR: In compliance with your letter of January 19, 1920, I beg to advise as follows:

1. A. I, as head of the material section of the Cantonment Division, War Department, was responsible for the procurement, inspection, and transportation of all the materials for use in the construction in the cantonments.

B. I was in charge of this work from the organization of the Cantonment Division until October 13, 1917.

2. My office handled all the lumber, hardware, plumbing supplies, cement, roofing paper, etc., called for in the bills of material made up by our engineers as being what was required for the construction of the original 16 cantonments.

3. A. Where the War Industries Board had established prices on certain commodities we used their prices.

B. On commodities on which prices had not been established by the War Industries Board we secured competitive bids, accepting the lowest bid up to the capacity of the bidder and then accepting the next lowest bids to meet our requirements.

C. The original price submitted to us by the lumber committee of the War Industries Board we considered excessive and submitted the facts to the Secretary of War, with the result that a reduction of approximately $5 a thousand board feet was made in the price of lumber from the southern yellow-pine district.

D. Hardware was bought on competitive bids.

E. Plumbing supplies for the original 16 National Army cantonments were handled by Crane Co., Chicago, on a 5 per cent commission. Crane Co., for this

5 per cent, procured quotations from the different manufacturers and arranged for assembling, packing, etc., in accordance with general practice of the plumbing trade. The selection of successful bidders was under the approval of my office, the lowest bids being accepted up to the capacity of the manufacturer, the only exception being where quality was not satisfactory to my office and to our engineers. This arrangement was made with Crane Co. by the Quartermaster Department before I took charge of this work. For the National Guard and other camps plumbing supplies were secured direct by my office by the selection of the lowest bidder up to their capacity. Cement and roofing paper were allocated to manufacturers by the subcommittees of the War Industries Board at prices established by this board.

4. Practically all material handled by my office was taken from bills of material furnished us by our engineers, but some material was secured by my office on requests from contractors through the construction quartermasters at the different cantonments and approved by our engineers.

5. A. Where it was necessary to procure small amounts of material locally to make up deficiencies in amounts furnished through my office, the contractors were allowed to secure material direct from manufacturers or dealers on the approval of this action by the construction quartermaster or his authorized assistant.

B. It is my understanding that in such cases competitive bids were obtained where time and local conditions permitted.

Other materials required in the construction of cantonments were handled in the same manner as mentioned—that is, where prices had been established by the War Industries Board the orders were allocated to the manufacturers by this board and at the price established by them. Where the War Industries Board had not established prices acceptable to my office, orders were allocated direct by my office to the lowest bidders, price and quality considered.

I have tried to give you the information asked for in your letter, but if there is any additional information that your committee desires on this subject, I will be most pleased to furnish same to my best ability.

I wish to take this opportunity to thank you for your kind consideration in not obliging me to appear in Washington in person during the period I had arranged to spend in this warm climate for my health, which I am pleased to state has greatly improved.

I will be able to appear in Washington if necessary any time after the 1st of February.

Yours, respectfully,

ROBERT E. HAMILTON,
Major, Quartermaster Reserve Corps.

(Pp. 3002–3003.)

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WAR DEPARTMENT,
OFFICE OF THE JUDGE ADVOCATE GENERAL,
Washington, January 24, 1920.

Hon. JOHN C. MCKENZIE, M. C.,
House of Representatives.

MY DEAR MR. MCKENZIE: Replying to your letter of January 22, I have to advise you that, in calling on the increments of the draft, the allocation to the different cantonments was made by the General Staff. An effort was made by them to minimize the cost of transportation by routing the contingents to the nearest camps. Occasionally conditions at the cantonments required the men to be sent to more distant camps than would otherwise have been designated.

In calling the first increment of the draft we followed this same rule, but as cantonments were not, in early September, in an advanced state of completion anywhere and certain of them not fitted at all to receive troops, this fact must have influenced the allocation. In some instances, notably in case of Camp Meade and Camp Upton, the delivery of contingents was postponed.

As the allocation was made by the General Staff, they are entitled to speak the final word. I give you the information that I retain from personal recollection of what the orders were respecting the allocation of selective service contingents.

Sincerely, yours,

E. H. CROWDER,
Judge Advocate General.

(Pp. 3003–3004.)

* * * * * * *

WASHINGTON, *January 22, 1920.*

W. T. CHANTLAND, Esq.,
Counsel, Room 178, House Office Building,
Washington, D. C.

DEAR MR. CHANTLAND: Your letter of January 7 asks whether Exhibit No. 3, J. B. T., appearing at the record 957–960, is the memorandum referred to in my testimony as the one which was handed to me as the basis on which I was instructed to draft the emergency construction contract.

I am not perfectly sure that this is the memorandum to which I referred in my testimony, but if not it is in many respects similar to it.

Very truly, yours, L. B. WEHLE,

(P. 3004.)

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WAR DEPARTMENT,
OFFICE OF THE ASSISTANT SECRETARY,
Washington, D. C., January 24, 1920.

Hon. FRANK E. DOREMUS,
House of Representatives.

DEAR SIR: The Secretary of War has just called to my attention a portion of a statement of a Mr. Wessen made before subcommittee No. 2 of the Select Committee on Expenditures in the War Department December 31, 1919. I quote from page 2486 of the hearings, serial 3, part 32, as follows:

"Now, there are a number of contractors who received from the beginning of the Great War to the signing of the armistice more in fees than the Cleveland Construction Co., but I have included the Cleveland Construction Co. in this report for the reason that the records of the emergency construction committee indicate that the Cleveland Construction Co. was practically a defunct company from 1915 to 1918, but about that time Mr. C. W. Lundoff, a former business partner of Mr. Benedict Crowell and the original chairman of the emergency construction committee, became affiliated with this company. It is also significant that the larger portion of their work was on ordnance projects, this work coming under the jurisdiction of Mr. Bascom Little in Mr. Crowell's office. Mr. Little was also a member of the firm of Crowell, Lundoff & Little."

For your information permit me to say that I was president of the Crowell-Lundoff-Little Co. previous to the war. As soon as possible after I was appointed Assistant Secretary of War, however, I sold my interest in this company and severed my connection with it. Mr. Bascom Little, who had been secretary of the company and was then a colonel of Ordnance, did the same. This resulted in the virtual disruption of the company, and I have since understood that Mr. Lundoff, who was vice president, at a later date associated himself with the Cleveland Construction Co. for this reason.

I have never had any interest whatever in the Cleveland Construction Co., nor has Mr. Bascom Little had any interest in this company. The work done by the Cleveland Construction Co. did not come under the jurisdiction of Mr. Bascom Little, who during 1918 was in the Ordnance Department in charge of machine-gun production.

Very truly, yours, BENEDICT CROWELL,
The Assistant Secretary of War.

Mr. MCKENZIE. I desire to have printed in the record the following extract from the volume entitled "America's Munitions, 1917–18, issued by Mr. Benedict Crowell, the Assistant Secretary of War." The matter printed appears on pages 538 to 540, inclusive.

(Pp. 3004–3005.)

* * * * * * *

The little Cantonment Division, which had in the week after its birth had grown to a personnel of 30 officers and numerous civilian experts, received orders to have the camps—16 complete cities to accommodate 40,000 inhabitants each and 16 tent camps, with many incidental buildings and public utilities—ready in 90 days.

Actually the time allowed for construction was much shorter than that, for the least site was not approved until July 6. About 60 days later, on September 4, the National Army cantonments were ready for 430,000 men, two-thirds of the first draft. Although some construction, subsequently authorized, was

not entirely complete until later, the cantonments nevertheless were at all times prepared to receive the conscripted soldiers faster than the Army could assimilate them (p. 3005).

* * * * * * *

The magnitude of the task ahead was appalling. Yet the Cantonment Division, with scarcely anything to start with, with not even the ground selected for a single camp site, must design and adopt types for buildings, mobilize materials, standardize everything possible, adopt an emergency contract that should protect the Government from the grafter and the profiteer, locate stores of materials, commandeering them if necessary, and also discover manufacturing plants capable of turning out supplies as rapidly as they were needed, build up an organization to handle the work in every detail, and be ready to start hammering in the nails on the day the materials arrived on the jobs. Actually these officers had something less than 20 days in which to accomplish this feat.

There had been, however, a measure of pioneering in several of these directions. The Council of National Defense had an organization of civilian experts in many lines gathered together in Washington to give advice to the military authorities. Through its committees the council prepared to form a contract upon what came to be known as the "cost plus with sliding scale and fixed maximum fee" plan, which limited the cantonment contractor in each case to maximum fee of not more than $250,000, the Army itself retaining control of the cost of materials and the wages paid to labor (pp. 3005–3006.)

* * * * * * *

Since the cantonments cost anywhere from $8,000,000 to more than $12,000,000 each, the average fee to the contractor was slightly less than 2½ per cent, out of which the contractor had to pay overhead expenses, such as his main office expenses and the like; so it will be seen that the United States drove a close bargain with its cantonment builders, in spite of the breathless haste to get the work done (p. 3006).

* * * * * * *

The wood construction was much more expensive than tentage, amounting to $215 per man of the first draft (p. 3006).

* * * * * * *

Meanwhile the Cantonment Division had designed a model barrack building 43 feet wide and 140 long, to house 150 men, or one company, as the company was in the spring of 1917. Here, in the adoption of this model and general camp plans, there might easily have occurred in Washington a fatal indecision. Both the British and the French Armies had found by experience that a company of 250 men was a more convenient size for trench warfare than a smaller one. There was some question whether the American Army would be guided by this experience. Gen. Pershing was to decide this matter, but he did not reach Europe until June 15. A weak executive control in Washington might have justified itself in waiting for this decision before starting in at full speed to build the cantonments. Those in charge of the program took upon themselves the responsibility of building the 150-man barrack, trusting to their own ability to adjust the buildings later to changed conditions. As a matter of fact, when the company unit was enlarged to 250 men it was readily possible to house two companies in three barracks, leaving space in two of them for the kitchen and messroom. Still later the Construction Division built smaller barracks for 66 men each, providing four such barracks to the company.

Before a single site was selected the experts in Washington had designed the buildings and mapped out the future cities.

Mr. McKenzie. I also desire to incorporate into the record the following statement found on page 541 of the above-mentioned report, which report is dated December 24, 1918. The quotation is as follows:

To give a picture of a typical cantonment, let us take Camp Grant at Rockford, Ill., as an illustration. It cost approximately $11,000,000; it could accommodate 45,000 men and 4,000 horses; its buildings number 1,600.

And also from page 547 of the same record I desire to have printed the following from the table called "Camps and cantonments built by Construction Division":

Camp Grant, Rockford, Ill.; maximum capacity, 62,675; approximate cost, $14,400,000 (p. 3006).

* * * * * * *

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTION DIVISION OF THE ARMY,
Washington, D. C., January 8, 1920.

From: Chief of Construction Division.

To: Hon. W. H. Graham, chairman of the Select Committee on War Expenditures, House of Representatives, Washington, D. C.

1. Referring to the letter of December 30 from the chairman of subcommittee No. 2, requesting information as to whether estimates were furnished for approval of expenditures for construction work (when such work exceeded $5,000), as required by the appropriation act of May 12, 1917. You are advised that such estimates were prepared and you will find them printed in full on page 2367 of the hearings before the Committee on Military Affairs, United States Senate, Sixty-fifth Congress, second session, in Part No. 7 of the "Investigation of the War Department." The information concerning the supplemental construction is given on pages 2365 and 2366 of the same document.

2. We would attach copies of these estimates, but believe that you will find it handier to refer to the above-mentioned document, which is in your possession, for you will not only get the estimates themselves, but also the testimony concerning them which was given on February 11, 1918.

3. It is thought proper at this place to point out that the estimates made were extraordinarily accurate. You will note they are given on a per capita basis and also on a basis of totals. We attach hereto a statement showing the estimate based on the actual number of men who were placed in the cantonments and the per capita figures used in making the estimate of May 26, 1917, from which you will note that the total cost of the 16 cantonments with the additions made to them was $142,258,785 or just $6,188,645 more than their estimated cost.

EVAN SHELBY,
Colonel, Quartermaster Corps,
Acting Chief of Construction Division.

(P. 3007.)

Statement showing the cost of National Army cantonments based on the per capita cost used in the estimate of May 26, 1917.

	Per capita.	Total.
B. & Q.:		
Construction	$61.98	$40,583,636.00
Wall board	3.47	2,272,107.00
Screens [1]	.....	.....
Rental of sites	.31	202,984.00
Contingencies, 10 per cent	.....	4,305,873.00
S. S. & T.:		
Plumbing	7.75	5,074,592.00
Stoves	9.31	6,096,058.00
Power plant	3.10	1,729,837.00
Interior lighting	2.79	1,826,853.00
Exterior lighting	.68	445,264.00
Water system	6.26	4,098,960.00
Power system	2.32	1,519,108.00
Sewage disposal	6.21	4,066,221.00
Laundry	[2] 6.33	1,554,297.00
Fire apparatus and buildings	1.39	910,155.00
Garbage—incinerator	.77	504,185.00
Ice and refrigerating plant	[3] 3.87	1,267,061.00
Bunks	4.18	2,737,005.00
Mattresses	5.43	3,555,488.00
Ranges	.62	405,967.00
Refrigerators	.62	405,967.00
Contingencies, 10 per cent	.....	3,619,701.00
R. W. W. & D.:		
Roads	5.43	3,555,488.00
Drainage	.93	608,951.00
Clearing	.62	405,967.00
Railroads	2.33	1,525,651.00
Contingencies, 10 per cent	.....	609,606.00
C. & R. of H	18.92	12,388,552.00
S. G. & R	2.26	1,479,816.00
Total estimated cost of building camps for 654,786 men in accordance with plans contemplated May 26, 1917	.....	107,755,340.00

[1] Only kitchen and hospital were screened.
[2] Only in 6, or three-eighths of the camps.
[3] In only 8, or one-half of the camps.

Number of men housed in National Army cantonments, 654,786.

Additional work authorized at National Army cantonments as set out in memorandum dated Dec. 11, 1917, from Gen. Littell to committee on emergency construction and later printed on page 2365, Investigation of the War Department Hearings, held Feb. 11, 1918.

For remount depots	$1,000,000
For bettering road work	1,400,000
For division storehouses	1,440,000
For bakery companies, motor-truck companies, temporary post offices, and telegraph and telephone buildings	1,450,000
For eye, ear, and nose infirmaries	128,000
For clearing camp sites, needing special attention	335,000
For gas-defense buildings	20,000
For theaters	432,000
For alterations to accommodate new "Pershing Division" and for other changes imposed by the conditions of new organization tables	22,119,800
Total additions	28,324,800
Estimated cost original project	107,755,340
Difference between estimated cost and actual cost	6,188,645
Total cost	142,258,785

Mr. McKENZIE. We also desire to incorporate in the record the following from the testimony of Gen. Littell before the Military Committee of the House in February, 1918, appearing in the Hearings of the Military Committee, Sixty-fifth Congress, second session, page 848:

Gen. LITTELL. Mr. Chairman, if you desire we can furnish you a tabulated statement for the record, showing the cost of every single building that has been put in each cantonment.

The CHAIRMAN. I would like to have that in the record.

In this connection the chairman desires to call attention to the statement made by Col. Couper in his recent appearance before the committee, in which he said substantially (p. 2928):

It is impossible, even at this date, for the Construction Division or any person to tell what any cantonment actually cost the taxpayer (pp. 3008-3009).

* * * * * * *

DIVISION OF OPERATIONS,
UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION,
New York, January 26, 1920.

Hon. JOHN C. McKENZIE,
House of Representatives, Washington, D. C.

MY DEAR MR. McKENZIE: Please accept my thanks for your letter of January 17 and for the opportunity of replying to some of the misleading testimony offered to your committee.

It has been my belief for years that the construction work of the Army could be carried on more efficiently and more economically if all were intrusted to the Corps of Engineers, and that it was a poor business policy to divide that work between two organizations, the personnel of one of which was not selected primarily with regard to training and fitness for such work, while that of the other (the Corps of Engineers) was selected and trained with that end in view. Some excellent constructing officers were developed in the Quartermaster's Department, but a large part of the work was necessarily done under the supervision of untrained men. This belief was shared by many officers of other branches of the service as well as by officers of the Corps of Engineers. It has been, however, the settled policy of the Corps of Engineers to accept any responsibilities which might be imposed upon it, but not to seek to take from another branch of the service duties intrusted by proper authority to that branch. I am informed that while Maj. Gen. Leonard Wood was Chief of Staff he made an effort to have a transfer made and that this effort was repeated by a later Chief of Staff, Maj. Gen.

Scott. I am informed that when the matter was referred to the then Chief of Engineers (first, Gen. William H. Bixby, and, second, the late Gen. D. C. Kingman) in each case the reply stated that the Corps of Engineers was willing and ready to undertake any duty which might be intrusted to it, but it was not the policy of the corps to endeavor to take duties from another branch of the service. I can only speak of this by hearsay, since I have been unable to find any record in either case.

Knowing the weakness of the Quartermaster's Corps in engineering talent, at the outbreak of the war I made the offer to Gen. Sharpe, Quartermaster General, to undertake the more technical engineering work involved in cantonment construction, as of record in the testimony. I do not know why no advantage was taken of this offer, but believe it to have been because of the manifest value of a single control in the cantonment work. When the construction work of the Quartermaster Department was placed in charge of Col. (later Brig. Gen.) I. W. Littell, Quartermaster Corps, I assisted Col. Littell to have detailed for work in his division about 60 officers of the Reserve Corps of Engineers, selected from the men of the Reserve Corps supposed to be best fitted for that class of work. Gen. Littell, now retired, is at the Soldiers' Home, Washington, D. C., and his testimony as to the assistance rendered can be obtained by the committee, if desired (p. 3010).

* * * * * * *

Later, early in 1918, without any previous action by the Chief of Engineers, it was proposed by the General Staff that all the work of the Construction Department should be transferred to the Engineers. When interrogated as to the willingness of the corps to undertake this additional responsibility I replied in the affirmative and prepared accordingly. I was not informed why the proposed change was not made. Later another move was made by higher authority to the same end and again the plan was stopped for reasons unknown to me. Toward the close of 1917, and during 1918, the operations of the Construction Department in the United States interfered materially with the fortification and civil construction work in charge of the Corps of Engineers, and the evil effects of a dual control for work of the same general character were made manifest.

The delays and undue expenditures in the construction of Camps Humphreys and Benjamin Harrison were made subjects of official protests. Cases of waste of public funds at other cantonments became known and I made an effort to have the construction work at the cantonments and depots intended for Engineer uses transferred to my charge. This was done particularly because of the need of additional constructions for Engineer uses and of the fact that the amount of such construction which could be authorized was limited by the funds available. I was not responsible for the operations of the Construction Division and considered it no part of my duty to comment on the work of that division, otherwise than as that work interfered with or prevented the performance of duties intrusted to the Corps of Engineers.

Since I have not seen the testimony of Messrs. Leonard Metcalf and George W. Fuller, I am not able to answer their statements in detail. I do not know when they came to see me, nor do I remember that they came at all. I do recall a visit from certain gentlemen (I believe from the emergency construction committee) in the spring of 1919, to whom I gave information as to my complaints against the Construction Division. I have never seen their report.

When the Engineer Reserve Corps was first formed requests for commissions came from engineers from all parts of the United States. These requests were frequently accompanied by statements of the class of service desired. With the help of the committee of the engineering societies, lists were prepared showing the training, experience, and age of each man, in order that assignment might be made in accordance with fitness. Later, officers were divided into two classes, A and B, the latter including all who were unfitted by any reason for, or did not desire, service at the front. This latter class included many able and experienced engineers who were fully competent to undertake any class of work in the United States. The offer of class B officers therefore could have meant only that the volume of the demands of the American Expedition Forces was so great that all class A officers were required to meet them. If Messrs. Metcalf and Fuller prior to the armistice requested the detail of a specified officer, or specified officers, or of additional class A officers of Engineers to the Construction Division, it is most probable that I refused assent, because the officers were urgently needed elsewhere. The officers of Engineers were recruited from the general engineering personnel of the United States, which

was open to the Construction Division equally as to the Corps of Engineers (pp. 3011-12).

* * * * * * *

The implication "that the Engineer Corps, speaking largely through you (me), sought to dodge the original emergency construction work because of fear of undertaking it and assuming the responsibility involved, and that later your (me) corps sought to take it over when, what they termed its successful completion was assured," is wholly without a basis of fact.

Respectfully,

W. M. BLACK,
Major General, United States Army (retired).

(P. 3012.)

(Extract from statement by Col. James G. Steese, General Staff, engineers.)

12. Further, it should be stated positively that there was no distinction between class (a) and class (b) officers so far as professional attainments are concerned. The classification was based purely upon the question of overseas combat service, and in most cases the classification resulted from the indicated preference of the individual concerned. As stated above, this classification was abolished in the fall of 1917 as being without practical significance and thereafter all Engineer officers were pooled on one list.

JAMES G. STEESE,
Colonel, General Staff (Engineers).

Mr. MCKENZIE. We next desire to have incorporated in the record the following advertisement by the A. Bentley & Sons Co., appearing in the Cincinnati Inquirer about September 11, 1919, which is as follows:

A GOOD PROPOSITION FOR GOING CONCERNS ONLY.

We stand ready to help finance from $50,000 up on mutually profitable terms any manufacturing proposition that needs more space in which to operate and can stand investigation.

We construct and help operate. Write for details.

THE A. BENTLEY & SONS CO.

(Engineers, contractors, Toledo, Ohio, New York, Jacksonville, Habana, Cuba. Established 50 years.)

The following was erroneously omitted from the record:

CHILLICOTHE, OHIO, *January 2, 1920.*

W. T. CHANTLAND,
Counsel for Subcommittee No. 2,
Room 178, House Office Building,
Washington, D. C.

DEAR SIR: * * * The total purchases by The A. Bentley & Sons Co., for the cantonment, was $31,455.37 and for the account of the B. & O. R. R., $790.12, making a total of $32,245.49.

The total purchases of the D. W. McGrath Co., covering period of Nov. 17, 1917, to Jan. 23, 1919, amounted to $209.83. * * *

Yours, truly,

THE CHILLICOTHE HDW. CO.

* * * * * * *

DETAILED ESTIMATES ON TYPICAL BUILDINGS AT CAMP GRANT.

At record pages 3015-3020 are detailed estimates of the cost of various typical buildings and building cubes, and cube prices used by Mr. O'Connor in making his estimate of bid for Camp Grant, including a detailed estimate of the two-story barrack (43 by 140).

Mr. CHANTLAND. I have caused to be prepared a statement intended to show the proper cost of the construction of Camp Sherman

complete, using the unit figures of Mr. O'Connor as a basis. It is not claimed that these figures are absolutely correct, but they are intended to be an approximate estimate and subject to corrections for possible omissions and likewise subject to some reasonable per cent of deviation up or down for differences in condition as to terrain, ease of excavation, etc. But it is believed that the figures are fair and substantially correct on the basis stated. Of course, these figures, like the figures submitted by the construction division and the contractors, do not include items of expense to the taxpayers of the United States, to wit: The expenses of the office of the construction quartermaster, field auditing force, etc. The recapitulation of the figures is as follows:

Proper cost of Camp Sherman (recapitulation).

Buildings:		
Sheets 1 to 3, inclusive (rifle range included)		$3,893,995.00
Heating		1,395,062.00
Plumbing		485,359.00
		5,774,416.00
Liability and general conditions		202,100.00
		5,976,516.00
Profit, 5 per cent		298,825.80
		6,275,341.80
Utilities:		
Outside electrical work	$166,840.00	
Roads	318,253.00	
Sewerage	387,000.00	
Water system	342,720.00	
	1,214,823.00	
Liability and general conditions	13,331.00	
	1,228,154.00	
Profit, 5 per cent	61,407.70	
		1,289,561.70
Total		7,564,903.50

(Pp. 3020–3021.)

Mr. McKenzie. Well, gentlemen of the committee, unless there is something that has been overlooked we will consider the hearings closed, unless and until further instructions are either given by the full committee or by the House of Representatives. And we will proceed as speedily as possible to have printed the balance of the record, and with the preparation of the brief and of the report.

The committee stands adjourned (p. 3022).

* * * * * * *

The above and foregoing is an abstract (with exceptions noted) of all the testimony taken by Subcommittee No. 2 to date, which is material on the subject of expenditures in the construction of cantonments and camps and it is respectfully submitted as such.

February 7, 1920.

John C. McKenzie,
Chairman.

Wm. T. Chantland,
Counsel for Committee.

INDEX TO WITNESSES.

	Page.
Armagost, O. W	312
Ault, Charles	229
Baker, Newton D	362
Barnes, John H	229
Barnes, Wm. H	318
Beckstrom, Ross P	292
Bennett, Alfred	224
Benson, E. L	270
Bernhardt, C. Wm	500
Besnah, Maj. A. N	106
Betz, Grover C	206
Black, W. L	224
Black, Gen. Wm. M	86
Bochard, Carl	216
Bonner, Geo. A	207
Bowman, E. C	169
Boyd, W. W., jr	81
Bramlitt, Capt. R. M	382
Brannen, Maj. H. G	333
Brown, A. D	328
Brown, Elias	191
Bulkley, R. J	42
Burt, Col. C. C	267
Cain, Sydney	255
Call, Col. L. W	80
Carlin, Harry D	469
Carroll, Harry	210
Cassell, Elmer	430
Clark, Ben M	213
Coles, John A., jr	194
Colver, Wm. B	475
Cooper, Geo. E	195
Coulter, John W	200
Couper, Lt. Col. Wm	504
Cowell, Chas. F	51
Crain, Frank	181
Critchfield, Maj. A. B	368
Crowell, Allen W	83
Dabney, Col. Ward B	485
Dean, Bruce W	325
Dempsey, Maj. W. A	7
Donlin, John	25
Durham, Walter C	250
Ferguson, R. D	222
Field, Capt. R. B	84
Foster, Maj. Clair	12
Francis, C. E	204
Francis, Herbert	141
Fuller, Fred E	191
Fuller, Geo	197
Fuller, Geo. W	475
Garrett, Clarence	204
Gifford, W. S	6
Glenn, Gen. E. F	110
Godfrey, Hollis	6
Goeke, J. H	462
Graham, Jesse D	332

Page.
Greenlund, W. A. 183
Griggs, W. 309
Gunther, W. F. 187
Hare, D. L. 328
Harbord, Gen. James G. 497
Harris, John 167
Hatfield, W. K. 227
Hatters, Wm 121
Heald, Edw. E. 142
Henry, Vancil 178
Hermann, Oscar 247
Iler, James 328
James, Zack 217
Johnson, Stewart T. 317
Judah, Noble P. 316, 348
Kalb, Maj. Albert 263
Kellhoffer, Leo M. 209
Kewish, Chas. C. 331
Kinson, A. H. 330
Kuhn, Charles 249
Kurrie, G. R. 81
Lewis, W. A. 313
Liggett, Thomas W. 327
Littell, Gen. I. W. 58
Lowery, W. R. 183
Lyddon, Gordon 326
Malmstrom, Asaph 256
Marshall, Gen. R. C. 368, 488
Maxwell, Clarence 332
McCorkle, Geo. 182
McCorkle, W. B. 218
McGrath, D. W. (statement) 349
Mechlin, Mark H. 135
Messer, Frank 128
Metcalf, Leonard 478
Miller, Carl 249
Miller, James O. 209
Morse, Frank C. 92
Moss, Capt. L. H. 321
Murphy, W. H. 228
Myers, Lieut. D. W. 138
Neff, Capt. Bond S. 113
Newton, Maj. Tracy S. 471
Norman, W. L. 252
O'Connor, J. P. 337, 462
Olin, Col. Hilden 263
Olmsted, F. L. 51
Oury, Col. W. H. 273
Overn, Maj. J. B. 261
Padgett, Hardy 389
Pape, Lieut. L. F. 272
Parks, Admiral C. W. 417
Parrot, Capt. J. M. 487
Payne, J. A., jr. 470
Pease, J. N. 386
Peters, Maj. G. Q. 85
Peters, J. E. 319
Pickens, Walter 208
Pittman, F. A. 428
Poole, Joseph E. 232
Prentice, O. I. 329
Reese, Harry O. 205
Reichle, John 159
Rhoades, Maj. T. E. 150
Richter, W. H. 179
Sanford, H. C. 487
Saylor, William 330

Page.
Sayward, W. J. 380
Schneider, Jacob C. 157
Schofield, E. 183
Schulman, Joe. 157
Scott, Frank A. 29
Sharpe, Gen. H. G. 74
Shelby, Col. Evan. 495
Sherrill, Col. C. O. 393
Sherman, G. A. 225
Sigler, C. V. 247
Small, John. 310
Smith, Phillip H. 211
Speck, Elmer T. 318
Spencer George. 186
Spencer, William. 186
Stevenson, Wilfred L. 102
Stine George S. 329
Storck, George W. 484
Sullivan, W. C. 319
Sunderland, E. M. 428
Swisher, O. J. 161
Swisher, W. M. 117
Talmadge, J. B. 7, 21, 25
Teate, Capt. Herbert F. 388
Thiel, August. 323
Thornberg, Taylor. 220
Tissandier, Th. L. Leon de. 257
Todd, Robert H. 361
Trude, G. A. 348
Tusler, Burt. 323
Tuttle, M. C. 39
Wackman, Joseph. 168
Walbridge, G. B. 483
Walker, John. 226
Warfield, Col. A. B. 122
Warner, Hugh. 160
Watts, Carl M. 118
Wehle, Louis B. 74, 392
Wessenk, Capt. E. J. 335–354
Wetmore, James A. 83
Wheaton, F. B. 390
Whitmore, Leo. 260
Willard, Daniel. 41
Winslow, A. C. 372
Wright, J. W. 390
Yde, Peter. 323

INDEX TO STATEMENTS.

	Page.
Bates & Rogers Construction Co	520
Statement and argument of counsel	R. 2935–2949
Bentley, statement and argument of counsel	R. 2589–2620
Black, Gen. Wm. M	497
Chairman John C. McKenzie	3, 315, 348, 391, 417, 519, 549
Costs of camps	532–549
Doremus, Frank E	390
Ericsson, Henry & Co., statement and argument of counsel	R. 2950
Goeke, J. H	462
Hearings, serial 3, parts 1–14	363
Judah, Noble P	316–348
McCulloch, Roscoe C	316–416
McGrath, D. W., & Sons Co	349
Steese, Col. James G	548
Trude, Geo. A	348

INDEX TO EXHIBITS.

A.

	Page.
Aberthaw Construction Co., contract	371
Accountant's report:	
Camp Lee	484
Camp Sherman	357
Additions authorized, December 11, 1917	546
America's munitions, 1918, extracts re construction division	543
American Institute of Accountancy, re form of contract	71
Animals, housing of	531
Architects, letter to, November 5, 1917	53
Army appropriation act, May 21, 1917, detailed estimates	79
Auditor's force, 1917, Camp Jackson	515
Auto rates	200
Auto rentals	199-200

B.

Barracks, two-story, design	97
Bates & Rogers, statement January 14, 1920	520
Beckstrom, Ross P.:	
Award of Camp Grant contract	302
Letter to, re contract	308
Bentley:	
Letter from, re automobiles, overtime	200
Offer to finance going concerns	548
Purchases from Chillicothe Hardware Co., December 30, 1919	548
Starrett's consideration for future work	134-135
Voucher analysis	356
Bills, daily payment of	92
Black, Gen. W. M., statement, January 17, 1920	546
Boyd, Jas. C., Westinghouse, Church, Kerr 3½ per cent offer	488
Buildings erected under original contract in cantonments (size, number, and use)	541
Bulkley, legality of contract	50

C.

Camps:	
Benning, re continuation	365
Funston, wage schedule	487
Grant—	
Cost	336
Letter re cost from O'Connor, October 15, 1919	340
Cost and capacity shown by "America's munitions"	544
Recapitulation	348
Wage schedule	487
Jackson, 1917, salaries, division auditor's force	515
Lee—	
Accountant's report	484
Exhibits	484
Sherman—	
Carpenters and carpenters' helpers' wages	487
Cash discount (Wessen)	356
Contracts and contractors, and suggestions in case of further work	98
Proper cost	549
Wage schedule	487
Cost of	355

Page.
Cantonments:
Accommodation of first increment, January 24, 1920 542
Additions authorized, December 11, 1917 546
Buildings actually constructed 540
Capacity as of September 4, 1917 506
Cars of material received as of November 7, 1917 505
Construction, by "America's munitions," 1917-18 543
Cost as of December 31, 1919 532
Impossible to determine cost 546
Lumber used 492, 509
Material used 505
Number, size, and use of buildings erected under original contract 541
Per capita cost based on May 26, 1917, estimate 545
Personnel built for, revised, June 8, 1917 538
Railroad construction 488
Schedule of animals to be accommodated 531
Storage space, hospital accommodations, etc 531
Suggestions for future conduct of work 97
Wage schedules 487
Cement prices 462
Central Construction Co., Senator Martin's letter 280
Chillicothe Hardware Co., December 30, 1919, Bentley purchases 548
Clarkson-Starrett conversation 455-461
Classification of appropriations 531
Coady, Congressman, letter from Col. Oury 280
Commissaries, contractors' instructions, June 28, 1917 510
Construction Division:
America's Munitions, extracts from 543
Auto rates 200
Commencement of work, contractor's profit, report, 1918 102
Estimates of cost of camps and cantonments 374-380
Grain-elevator repairs 335
List of personnel, January 15, 1920 539
Overhead 47
Report of cost of cantonments 532
Rifle range, Sherman 447
Telegram to President, re rider in food bill 95
Thompson-Starrett Co., consideration promised 95
War Industries, new building 28
Contracts:
Aberthaw's 371
Approval of 71
Bonus clauses 81
Bulkley, comments 50
Buildings constructed under original 541
Camp Sherman 372
Camp Grant 372
Fisher, Fox Hills Hospital 455
Foster, Clair 14
Fuller Co., percentage 96, 455
Legality of 50
Navy forms 83, 426
Necessity for new form 93
Not in use now 453
Profit on 68
Report on 23
Safeguards 15, 35, 81, 371, 426, 430
Solicitation of 134, 308, 455
United States Housing Corporation 52, 429
Wehle, L. B 392
Westinghouse, Church, Kerr Co., forms 488
Contractors:
Camp Sherman 96, 372
Camp Grant 372
Compensation of 26
Fees earned 431, 436
Financial ability 92

Contractors—Continued. Page.
Foster, Clair ... 12, 17
Honesty of ... 26
Instructions, re commissaries ... 510
Mobilizing ... 93
Overhead ... 23
Payments to ... 79
Plant ... 23
Profits of ... 102
Recommendation of ... 23, 54, 302, 346
Selection of ... 27, 54
Cost plus not in use now ... 453
Council of National Defense, extracts from minutes and reports:
Acceptance of Olmsted and Maj. Kelley as members ... 95
Broadening of scope and authority ... 94
Compensation Commission, creation of ... 94
Federal Trade Commission cost-plus plan ... 94
Fuller Co., Geo. A., percentage allowed ... 96
Kilpatrick, J. R., status as assistant to committee ... 95
Lining wooden buildings, plans for ... 95
Lumber, costs and production ... 180
Lumber prices ... 94
Mobilizing contractors (first report) ... 93
Necessity for new form of contract ... 93
Organization of industries ... 93
Relieving Col. Littell of all work except cantonments ... 94
Report on contracting methods sent to departments ... 95
Resignation of Lundoff ... 95
Suggested change in design ... 97
Couper, Lieut. Col., impossible to determine what cantonments cost taxpayer. 546
Crane Co., proposition and acceptance by Construction Division to furnish all plumbing material for 16 National Army cantonments ... 443, 444
Crowell-Lundoff-Little Co., members, January 24, 1920 ... 543

D.

Dabney, Col., auto hire rates ... 199
Detailed estimates, letter from Secretary of War, January 8, 1920 ... 545
Douglas fir, prices by War Industries Board ... 522

E.

Emergency declared by Secretary of War ... 448
Emergency Construction Committee:
Change in design of cantonments ... 96, 97
Design for two-story barracks ... 97
Duties of members of, apportioned by Starrett ... 22
Final report, December 31, 1918 ... 523
Engineers, Corps of:
Black, Gen. Wm. M., statements ... 546
Harbord, Gen. J. G., statements ... 497
Engineering News Record, "Construction Division made good" ... 492
Ericsson Co., Henry, January 7, 1920, reply to letter of December 30, 1919, from committee, re salaries paid members of firm ... 520
Estimate, May 26, 1917 ... 545

F.

Federal Trade Commission, lumber prices ... 443, 455
Fees paid to contractors on emergency construction ... 431–436
Final report of Emergency Construction Committee, December 31, 1918 ... 523
Financial ability of contractors ... 92
Fischer, Fox Hills Hospital contract ... 455
Foster, Maj. Clair:
Comments on contractors, August 7, 1918 ... 12
Comments on cost-plus contract ... 14–15
Information needed to correct contracting policy ... 15–17

Foster, Maj. Clair—Continued. Page.
Recommendations of contractors 12, 13
Emergency Construction Committee's supervision over construction division 18–20
Fuller & Co., soliciting contracts 455

G.

General Munitions Board, suggested change in design, May 11, 1917, memo to Emergency Construction Committee 96
General Munitions Board, minutes, increase of functions of Emergency Construction Committee 5, 31
General Order 49, declaring emergency 448

H.

Harbord, Gen., statement Engineers' work in France 497
Harris, Admiral:
Letter to Mr. McKenzie, October 17, 1919, on cost plus as used in Navy ... 82, 83
Letter from, to Emergency Construction Committee, May 7, 1917, re Navy's attitude toward emergency construction contract 446
Honesty of contractor 26
Hospital accommodations in cantonments, January 15, 1920 531
Housing capacity of camps 416
Hubbe-Howe Co. and A. H. Greely re trucks rented to Bentley 162

I.

Inspector General's report on truck graft 162–166
Instructions to field auditors, payments to contractor 79

K.

Krauthoff, May 11, 1917, re Westinghouse-Church-Kerr 3½ per cent offer 63

L.

Lawrence, Page, remarks on condition at Camp Sherman 156
Legality of contract, March 30, 1918 50
Letters:
Baruch to The Adjutant General, August 6, 1918, recommending that Col. Starrett be appointed contracting officer of new War Industries buildings 28
Bentley to Maj. Dabney, re auto overtime, Camp Sherman 200
Bentley to Starrett, October 27, 1917, "Doing own timekeeping" 135
Bentley reply to committee, January 10, 1920, salaries paid by him to members of the firm working at Camp Sherman 522
Bentley statement of overtime on automobiles 199
Bentley to Starrett, June 28, 1918, soliciting contracts 134
Boyd, W. W., jr., re bonus and penalty clauses 81
Boyd, James C., offer of Westinghouse-Church-Kerr covered all kinds of construction 488
Chantland to Reece, re cash discounts, Camp Sherman 356
Committee to all contractors, re salaries of members of firm engaged in camp construction, December 30, 1919 521
Committee to Maj. R. E. Hamilton, re procurement of material by Construction Division, January 15, 1920 541
Committee to Secretary of War—
January 5, 1920, personnel of units 540
December 24, 1919, cost of cantonments 530
January 14, 1920, costs as furnished 538
Construction quartermaster Camp Sherman to Construction Division re settlement with contractor, February 12, 1919 161
Creel, George, to Newton D. Baker's secretary re Whitton letter of July 16, 1917 26
Cruse, Gen., to Senator Martin, April 21, 1917, "Work will be advertised". 280
Crowell, Benedict, January 24, 1920, re members of Crowell-Lundoff-Little Co. 543

Letters—Contmued. Page.
Crowder, Judge Advocate General, January 24, 1920, re housing, first draft. 542
Dabney, Col. Ward, August 13, 1919, auto overtime at Camp Sherman.... 199
Emergency Construction Committee re compensation of contractors, January 18, 1919 26
Emergency Construction Committee, discussion, profit, and plant 39
Foster, Maj. Clair, July 29, 1918, Emergency Construction Committee in sympathy with contractors 17
Foster, Maj. Clair, to Starrett, choice of fixed-fee contract 14
Hamilton, Maj. R. E., January 21, 1920, procurement of material by Construction Division 541
Inspector General to The Adjutant General, truck graft, Camp Sherman.. 162
Ley, Fred T., Construction Co., to Starrett—
December 4, 1917, soliciting work 25
January 16, 1918, soliciting work 454
Littell, Gen. I. W.—
To contractor, June 23, 1917 10
Plans for cantonments, April 30, 1917 281
Auto overtime, Camp Sherman, December 1, 1917 200
Form of contract to be used 10
Marshall, Gen. R. C.—
Additions, Camp Grant, March 16, 1918 308
Total cost of cantonments, January 15, 1920 530
Buildings actually put up at camps, design 540
Cost of cantonments, January 19, 1920 539
McGrath, D. W., & Sons—
To foremen, asking cooperation in work, January 20, 1919 190
Salaries paid members of firm, January 3, 1920 521
O'Connor, J. P., report on Camp Grant, October 15, 1919 347
Say, Wm. J., to chairman, November 4, 1919, supporting Poole's testimony. 250
Secretary of War to Congressman Coady, April 25, 1917—Work will be advertised 280
Secretary of War to Gen. Littell, September 6, 1917—Formal approval of form of contract 71
Secretary of War to Committee—Personnel of units, January 8, 1920..... 540
Starrett to Col. Pierce—Construction by separate departments, December 8, 1918 28
Starrett, Col. W. A., to General Munitions Board, re contractor's overhead and organization, May 9, 1917 23
Starrett's letter to architects, November 5, 1917 53
Starrett to War Industries Board—Additional construction at Camp Grant, awarded to Ericsson Co., February 14, 1918 346
Trude, Geo. A., to committee, no reflections on Ericsson Co 522
Warren, Col., October 24, 1918, re grain elevators 335
Wheaton, T. B., advisory architect to Gen. Littell, transmitting plans for construction of cantonments, May 18, 1917 97
Whitton, Frederick, to Starrett—Excessive cost of subcontracting, July 16, 1917 26
Littell, Gen. I. W.:
May 11, 1917—Why can not all contractors bid 3½ per cent? 63
Contract sent to Secretary of War for approval, September 6, 1917 71
Some form of contract needed at once 66
Westinghouse-Church-Kerr 3½ per cent offer—May 11, 1917 63
May 31, 1917—Request for contract 66
Offer to furnish cost of every building 546
Lumber:
Prices 437
Amount used in cantonments; 75 per cent; Col. Couper's statement 492
War Industries Board, prices 522

M.

Martin, Senator—Informed that emergency work would be advertised 280
Material:
Cars of, received at cantonments as of November 7, 1917 505
Procurement by Construction Division 541
Amount used in cantonment construction 505

McGrath, D. W. & Sons: Page.
Affidavits offered 352-356
Overhead on prewar and emergency work 360
Request for cooperation of men, January 20, 1919 190
Salaries paid members of firm, employed at camp and equipment furnished by them 452

N.

Navy contracts 371

O.

O'Connor, J. P.:
Estimate on cost of Camp Grant 340-348
Itemized estimate and cubes of buildings 548
Olmsted, Frederick Law:
Recommending Camp Grant contract be awarded to Eriscson Construction Co 346
Letter to Architects 53
Recommendation of contractors (Crowell-Lundoff-Little) 54

P.

Parks, Admiral Chas. W., Navy contract safeguards 426
Parrott, Capt. J. N., wage schedules 487
Payne, John A., jr., note for purchase of lumber business 470
Personnel for cantonments, revised, June 8, 1918 538
Personnel of Construction Division, January 15, 1920 539
Plans, buildings actually constructed 540
Plans for cantonments, April 30, 1917 ..... 281, 438, 440
Plans for two-story barracks transmitted to Gen. Littell, May 18, 1917 97
Plumbing, material, agreement with Crane Co 443
Prices, building commodities 445

Q.

Quartermaster Manual, volume 2, Appendix 16, plans for emergency work .. 438-442

R.

Railroad construction in cantonments, performed by railroads 488
Reference to exhibits:
Cement prices 462
All contracts and subcontracts for the construction of Camps Grant and Sherman 372-373
Rinehart & Dennis Construction Co., Camp Lee 485

S.

Safeguards, contracts 15, 35, 81, 371, 426, 430
Salaries:
Division auditor's force, Camp Jackson 515
Paid by the A. Bently Co. to members of firm employed on emergency work 522
Paid by Henry Ericsson Co. to members of firm employed on emergency work 520
Paid by D. W. McGrath Co. to members of firm employed on emergency work 521
Secretary of War, General Order 49, declaring emergency 448
Secretary of War, use of plans shown in Quartermaster Manual, volume 2, Appendix 16, in emergency construction 437
Shelby, Col. Evan., General Order 49 448
Starrett, Col. W. A:
June 12, 1917, methods pursued in selection of contractors 27
Camp Grant contract awarded to Ericsson 302
Supervision over construction division and limiting their authority 17
Profits on contracts 68
Asking for supervision over Construction Division, August 1, 1918 18
Recommending Emergency Construction Committee as advisory to Assistant Secretary of War and Supervisory over Construction Division, July 30, 1918 17

Starrett, Col. W. A.—Continued. Page.
Meeting with Bentley at Toledo, October 29, 1917 134
"Mere question of selecting contractors," June 14, 1917 54
Final report of Emergency Construction Committee, December 31, 1918 ... 523
Statement:
Bates & Rogers Construction Co., January 14, 1920 520
Black, Gen. Wm. M., January 14, 1920 497
On cost of cantonments, December 31, 1919 532
Proper cost of Camp Sherman 549
Steese, Col. James G., January 22, 1920 548
On serial 3, parts 1–14 361
Stevenson, W. L.; discharge slip 104
Storage space in contonments, January 15, 1920 531
Storck, Geo. W., report on:
D. W. McGrath operations 357–361
Rinehart & Dennis operations 485
Sunderland, E. R., United States Housing Corporation contracts 429
Swallow, Col. W. A., settlement with D. W. McGrath 161

T.

Talmadge, J. B.:
Construction by various departments 28
Assignment of Starrett as contracting officer for new War Industries Building 28
Selection of contractors 27
Compensation of contractors 26
Responsibility of contractors 26
Report on daywork contracts 23
Duties of members of Emergency Construction Committee 22
Re daywork contracts 22
Thompson-Starrett Co., will be given consideration, telegram 454
Tissandier, Th. Leon de; estimate on cost of bridge at Camp Grant 390
Trenching machines, progress of work 322
Truck graft, Camp Sherman 162
Truck graft, Camp Lee 485
Tuttle, M. C., report of Emergency Construction Committee 39–41

U.

Uniformity of contracts and cost-accounting definitions 98–102
Union Construction Co., form of contract 81
United States Housing Corporation:
Contracts 52, 429
Bonus and other clauses 52–53

V.

Vouchers and comments on commissary at Camp Sherman 356

W.

Wage schedules for cantonments 487
Warfield, Col. A. B., Fort Leavenworth construction 372
War Industries Board, lumber prices 522
Water supply and sewerage, progress 322
Watts, Carl M., copy of indictment 354
Wehle, Louis B.:
Contracts 392
January 22, 1920, re basis of draft of emergency construction form of contract 543
Wessen, Capt. E. J., cost statements and graphic charts 336, 354–356, 431–436
Westinghouse-Church-Kerr Co., offer to do construction work for a 3½ per cent fee 488

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